Transcript

Canadian Pacific Submits Superior Proposal to Combine with Kansas City Southern Conference Call

August 10, 2021

Canadian Pacific Corporate Participants:

Keith Creel,President & Chief Executive Officer
Nadeem Velani, EVP & Chief Financial Officer
John Brooks, EVP & Chief Marketing Officer
Chris de Bruyn, Managing Director, Investor Relations & Treasury

MANAGEMENT DISCUSSION SECTION

Operator

Good morning. My name is Sylvia, and I will be your conference operator today. At this time, I would like to welcome everyone to the Canadian Pacific Conference Call. The slides accompanying today's call are available at www.investor.cpr.ca. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions]

I would now like to introduce Chris de Bruyn, Managing Director, Investor Relations and Treasury, to begin the conference.

Chris de Bruyn

Thank you, Sylvia. Good morning, everyone, and thank you for joining us today. Before we begin, I want to remind you this presentation contains forward-looking information. Actual results may differ materially. The risks, uncertainties and other factors that could influence actual results are described on slide 2, and in the press release filed with the Canadian and US regulators.

With me here in Calgary today is Keith Creel, our President and Chief Executive Officer; Nadeem Velani, our Executive Vice President and Chief Financial Officer; and John Brooks, Executive Vice President and Chief Marketing Officer. The formal remarks will be followed by Q&A. In the interest of time, we'd appreciate if you limit your questions to one.

It is now my pleasure to introduce our President and CEO, Mr. Keith Creel.

Keith Creel

Hey. Thank you, Chris. Good morning. I thank everyone for joining us this morning on such short notice. I'm sure by now you've had an opportunity to read our press release and you can tell by reading it that we're extremely proud to be presenting the CP superior offer to the KCS board and shareholders today.

So I think to put things in context, let's start with what's new. The superior offer today values KCS at $300 per share. The KCS shareholders will receive 2.884 CP shares and $90 in cash in consideration for combining their company with Canadian Pacific. It offers an increased ownership to the KCS shareholders of 28% of the combined company, which is a more compelling opportunity for some long-term value creation that is unique in our CP-KCS combination.

You'll note the synergies have increased, moved up from $780 million to $1 billion in EBITDA growth synergies that we'd achieve over three years. What gives us confidence to increase the synergies you've got to take a look at this. We've been looking at this value and this combination what we can unlock for over a year now. This didn't just start yesterday or a couple of months ago. Rest assured, we've done our homework. We've done our diligence. Through deep dives with Pat and his team and myself and our senior team that date back to last September consecutive meetings, and, of course, during the month that we were, I'll call it, previously engaged. We had a very unique opportunity to engage, deep dive with customers themselves that led to some very exciting opportunities to partner with and create additional revenue synergies.

The shippers have the conviction. They share the conviction with us with the opportunities, with the new markets that this proposal would unlock. So the value is significant. Grain shippers, intermodal shippers, they're the primary drivers of the increased revenue synergies. And when we get into the Q&A, John will be happy to dive into any of those details. But rest assured, this is a team that can back up on what we say we're going to do. So when we commit to this, we mean it. We mean to not only achieve it, but to exceed it.

Let's focus on what's not new. We've been at this a while as well. These facts have only become more compelling

and we think clear. The strategic value of this, the combination, and it being the only viable Class 1 combination that can get approved in today's world. It's powerful. Clear path to deal value for the shareholder. We've got our voting trust approved now. So that's new given before we started with our initial merger application, merger agreement with the KCS. It's going to create the first US-Mexican-Canadian rail network, truly end-to-end, the only one that's truly end-to-end, pro-competitive and no overlap. Those are key attributes, and facts, that are undeniable that did speak to our deal certainty and our value certainty for the shareholder.

The strategic rationale that drives it. And benefits are undeniable to the shipper and to the supply chain, the significant value it's going to unlock for the CP and the KCS shareholder again is undeniable. You've got the two fastest growing Class 1s over the last three years coming together, still would be the smallest Class 1, but be the most relevant and the most compelling from a value to the shipper as well as a value to the shareholder and a value to the US rail network, short term and long term.

So that deal certainty has been formalized. Again, the STB has approved our trust. If you think about what's transpired over the last several months, very public developments whether it's the President's Executive Order, the STB's position about protecting competition, all to me support the facts of our combination, given that it truly is pro-competition. There's not a tally of winners and losers; it's all about winners, it's all about new opportunities, new growth, new competition that gets injected into the Class 1 space, that puts these two railways combined on a level-playing field to be able to compete head-to-head with Canadian National, head-to-head in lanes with UP in the West, with BN in the West. It truly is a value-creating opportunity for all stakeholders.

And also, you'll note that in our proposal, we maintained our prudent balance sheet, which is a key element. I've said before and I'll say this again today, the last thing we're going to do at this company is be irresponsible with our balance sheet and not be able to once these companies are put together be able to realize the true value. We're going to be able to invest in them. We're going to be able to maintain our investment grade. We're going to be able to maintain the strength of our balance sheet, so that we can endure in good times and in bad and realize the value of this opportunity.

So now let's talk about why now. The why now, the last two weeks since we filed our proxy statement, we've had a lot of opportunity to engage with KCS shareholders. We've heard it loud and clear that the shareholders want certainty. That's critically important. That's what this deal offers, value certainty and deal certainty. They want an alternative proposal, a deal that could actually be consummated so that they can actually realize the value.

So deal certainty today is always going to be greater than deal certainty tomorrow. The use of our trust is not a certainty forever and a lot can change in seven months' time. So waiting until February of 2022 by staying on the sideline and then allowing the scheduled KCS shareholder vote to occur without an alternative is not in anyone's best interest.

And we feel when the KCS board deems our offer superior, we'll be in a position to close and trust in a relatively short period of time. You think about the Executive Order, think about Amtrak considerations, think about all the letters of opposition, that all highlight the anti-competitive problems associated with the other proposed transaction, now is the time.

This is a real offer, it's a serious offer, it's a certain offer and it's a superior offer; superior today and even more so tomorrow. You think about the facts matter. You think about what this company has done what CP and this team. We've got a track record of growth that's led the industry – not only led the industry in growth, but at the same time, led the industry in margin improvement. In CP, the partnership, you get an opportunity to partner with an industry best, the alternative, based on the track record, not because I say so, but just looking at those same facts, it's industry worst.

There's tons of not only regulatory risk but tons of execution risk. The greatest power of this deal is in execution certainty, an opportunity, a unique opportunity to combine with the talented team at KCS and the talented team at CP to be able to actually realize this long-term value for the shareholders. Simply said, it's just a better team

together, better railroaders together.

The track record, again, if you think about shareholder value, what it's been able to produce, if you compare the two, it's undeniably compelling. Again, an industry best performance from a three-year, five-year, 10-year view versus an industry worst performance, and that matters. Very strong operating performance. It's a differentiated value creation that's undeniable. And again, it gets to doing what you say you're going to do. This team delivers results.

We also have leadership stability. As we announced when we had first announced this deal several months ago, I've extended my commitment to stay at CP for at least an additional five years, and I've handpicked this leadership team to deliver the results, not because I say it, but it's because of what we've done. This leadership team is in place. We've got the strongest bench in the industry. And we're here to see the merger through not to approval but through approval, and most importantly, through realizing the synergies that we're committing to the KCS shareholders as well as to the CP shareholders.

So what now? I think it's important that the shareholders speak up. They need to vote no to the CN deal and yes to defer. They need to let the KCS board know that they feel that our CP proposal is truly a superior proposal. The only deal that can be realized, the only deal that has deal certainty, and it is in the best interest of all shareholders and all stakeholders.

So with that said, let me stop with my prepared comments and we'll save the balance of the time for Q&A.

Question & Answer

Operator: Thank you. [Operator Instructions] Your first question comes from the line of Chris Wetherbee from Citi.

Chris Wetherbee: Yeah. Hey, thanks and good morning. I guess, maybe the most sort of important question, I guess, on my mind is, is your thoughts on the difference between your deal and Canadian National's offer. So you moved up substantially. You're still below on the dollar value to the CN deal. And I understand that there's the regulatory dynamic that you're thinking about here. But when you're asking shareholders to sort of pause on a CN deal and consider yours, I guess, what are sort of the most compelling reasons to kind of move forward? It still seems like there is a meaningful financial gap there. So I guess, what do you think is sort of the key point for KSU shareholders to consider if they're thinking about voting on potentially both deals.

Keith Creel: I think the key point, Chris, is there's not a meaningful gap if the deal is not achievable. If it's not – we said from the beginning the facts are bad. I called it fool's gold. I'd say the same thing today. It could be $350. If it's not achievable, if you can't get the deal approved, how does the shareholder ever realize the value? So you can promise the sun and the moon and the stars, but if you don't have deal certainty and if you've got bad facts that drive that deal certainty, it's fraught with risk. And I don't think any of us, any shareholder could deny the world around us and the environment that we're in and the regulatory risk that that deal entails.

At the end of the day, the KCS shareholders got to decide, if they're willing to take on that kind of risk for that kind of delta for a deal that quite frankly I don't believe – I didn't believe then and I don't believe today that it will ever get approved by the STB because it has bad facts, not because I say so, because the facts say so.

So again, I'm not going to negotiate against some illusory value that's put out on the table that's just simply, in my view, I said it then and I say it today, truly just put out there to create a destructive value to misguide and mislead the shareholder and make them think that they can realize this. And the fact is if you go back and look at what's been said, not what we've said, look at what the alternative has said, and what's true about the facts, and what the regulator has said and what the world has said and how important competition is. And if you have anti-competitive facts, you can't get around that.

I don't care how much money you throw at to try to buy away the bad facts, which is what was done, they still remain, versus our deal which is the only deal, Class 1 combination that can get approved. The trust is approved.

It's not because I say so, it's because it's happened. We have the trust approval. We have the best team in the industry. We have a track record with proven results. We've put $300 on the table. That's compelling today and it's even more compelling tomorrow. So there's an opportunity for those that want compelling short-term value to realize that value.

And there's an even more compelling opportunity for the long-term shareholder to participate in a very unique combination with a unique team partnered with KCS's talented team that can create a very unique outcome that will be unparalleled in this industry.

And then, finally, the nation itself, the US rail network, the industry overall, this combination is a stabilizing combination for the industry. It creates capacity to grow. It creates opportunities for customers. It creates opportunities for competition. It's just compelling. So at the end of the day, a $20, $25 delta and again, I can imagine that if CN had to respond today, if the KCS board of directors deem this superior today, they throw more money at bad facts, but it doesn't change the facts. And if you can't realize the value, it's sort of like throwing mud on the wall and just seeing what sticks. It's not going to stick.

Chris Wetherbee: Okay. Thanks for the color. I appreciate it.

Keith Creel: Thank you, Chris

Operator: Your next question comes from the line of Tom Wadewitz from UBS.

Tom Wadewitz: Yes. Good morning. Keith, I wanted to ask you about that – you have the waiver and the voting trust approval, which are obviously significant. How much does this depend on what STB comes out and says on the CN voting trust, if they come out and say, yes, then is there still a path for you where you'd say, well, we've got the waiver, so that's still a significant delta. It seems like the STB decision on CN voting trust is still a pretty big factor. So how would you view that and the potential paths depending on how they rule on the CN voting trust?

Keith Creel: Well, obviously, our offer is based on a belief – a fundamental belief that their facts can't get approved. Their trust won't lead – their facts won't lead to a trust being approved. That's the thesis, that's what we've stated from the beginning. And I double-down and triple-down, this is what it is. I understand the facts. It leads to me only one outcome, which is denying the trust based on the facts. If competition matters and everything that's happened since we announced this deal is not that competition matters less, it's that competition matters more.

And then, add on the additional points that were not only do you have to provide competition preserve and enhance, you also need to make sure while you do that that you're protecting passenger service. In today's world, Amtrak matters. It's always mattered at CP. For the last five years, not because it's happened by mistake, because we prioritize running our freight business and treating Amtrak as a partner and giving them the service that they pay for and deserve.

So we have a solid track record with doing that with Amtrak versus again those facts don't come to the same conclusions when you look at CN's track record. It's just again, I don't think that that's going to be an outcome. However, if it were, then the only thing I could say is I'd be shocked based on the facts and I'd have to read what they had to say and why they approved the trust and assess it myself at that time. That's the only comment I can make.

Tom Wadewitz: So there could be a path that you would just have to assess and see what they said if they did approve a CN voting trust?

Keith Creel: Well, if they approve the CN voting trust, here's the other things that don't change. I'm not going to get into a bidding war. We've put a very compelling value on the table. If CN's prepared to pay $325 and they've got a trust approved or $350, whatever they respond, you ought to ask CN how they might respond. That's not a place I'm prepared to go to, Tom. I'm just not going to do that. Again, I'm not going impair this company. I'm not

going to jeopardize this company's future. We're going to make solid disciplined business decisions. We're going to protect our balance sheet. And in that case, if that were to happen, you're going to see one railroad that not only will compete that is extremely capable of competing, just as we have in the past, and we're going to continue to drive significant value for our shareholders. I'm not going to destroy value chasing something that's reckless. I'm just not going to do that. That's not going to be part of the legacy I leave at this company or in this industry.

Tom Wadewitz: Great. Thanks for the time, Keith.

Operator: Your next question comes from Fadi Chamoun from BMO Capital Markets.

Fadi Chamoun: Good morning.

Keith Creel: Hey, good morning Fadi

Fadi Chamoun: So it sounds like you had some engagement with KSU shareholders probably over the past while just kind of reading from your comment earlier. How much of this offer educated by those discussions. I'm just wondering kind of if you have a good feel about what's kind of being expected out there and have you had any initial feedback or commentary from KSU management or board at this point? And maybe just kind of to tag on, can you explain where the additional synergies have come from? I'm suspecting coming from the top line side, but if there is little bit more specifics around that as well? Thank you.

Keith Creel: Yeah. I'd be happy to, Fadi. So let me let me tackle the first part and I'll let John dive into the color on the synergies. So you're right, we have had numerous meetings with KCS shareholders, very active conversations. What I took away from those conversations is an excitement and a desire to realize the value. Value realization, to be able to actually have a deal come to the point that the trust could realize their consideration. So that matters. Getting the money.

And then, the money itself – obviously, we took and have received feedback from the shareholders. We think this number will be received extremely well. Obviously, it's based on CN's inability to get their trust approved. We think that the KCS shareholder will see it's not in their best interest to get locked into a deal that's fraught with huge regulatory risk without the benefit of knowing if the trust is or isn't approved.

And when the KCS board of directors looks at this, in that light, given that that trust does not get approved, it's undeniable value. So we think this is going to be received extremely well, Fadi, based on our discussions, we feel good about it, because of the value it creates, the synergies that have been developed through the hard work that John and his team, in the many meetings with the customers, we feel good about the number, we feel good about the value. And certainly, those additional synergies and the value it creates for the KCS shareholder and the CP shareholder both now and in the future make us feel good about justifying that $300 number.

So, John, why don't you provide a bit of color if you can on additional growth opportunities.

John Brooks: Sure. So, Fadi, as Keith explained in his opening remarks, we've been at this for the better part of a year and particularly the last five months since we announced the initial agreement with KCS, we've been deep in discussions with a number of customers on both sides. Certainly, our existing customers and what it can do to reshape and change their business and the lanes and opportunities. But equally as important, with the KCS customers and some of the new market reach we'll create to places like the Port of New Orleans and what that does to our not only domestic intermodal service, but international service and down to Lazzaro, down into Mexico.

And I can tell you, on two fronts, number one, the outpouring that we received from customers wanting to put together the two smallest railroads, as Keith said, in a unique end-to-end combination and what that unlocks from scope and scale to frankly compete head-to-head better against the UPs, the BNs, the CNs matters. These customers – the outpouring for diversification of their book was strong. Let alone that outcrying for the best operating railroad in the industry to provide service to compete head-to-head in these key lanes created a lot of

momentum and excitement.

I think the other point you got to think about is the support we've received directly from the KCS shipper in terms of their ability to grow their own share in key markets by overlaying our products and our service, our customer experience into their business. It was a significant eye opener certainly as we dove in deeper in looking at these synergies.

So specifically, I see the ag space. We knew it was going to be a big opportunity. But certainly, the feedback has been above and beyond that. Specifically, corn into Mexico, we had very conservative share opportunities initially. We've increased that. And then, the intermodal space to create that third or fourth competitive option in the North South lane, the feedback we've received from frankly our cross-border retail customers and what that could bring to the table with USMCA and more nearshoring was quite compelling.

And again, that intermodal area is an area, I said upfront, I think we were conservative on the outset. So we've increased that opportunity not only with existing customers but what we see in truck conversion, and frankly, barge conversion onto this new railroad. I hope that helps.

Fadi Chamoun: Yes, thank you.

Operator: Your next question comes from Amit Mehrotra from Deutsche Bank.

Amit Mehrotra: Well, thanks, operator. Good morning, everybody. Keith, very simple question. Why is paying 40 times free cash flow, 30 times earnings a good deal for CP shareholders? I think there are a lot of CP shareholders on this call that love you, love the management team. You guys have created incredible amount of value, showed a lot of financial discipline. So it'd be helpful to – it even looks like you're capitalizing the synergies fully in this price target and pricing. And I'd love to get your perspective on how you think about it from a financial perspective.

And then, you've talked about the overlap in CN and Kansas City's network as having anti-competitive, negative implications for competition. CN has recently noted that many of the lanes are moving actually from five to six, down to four to five, which still leaves a lot of competition. And when you actually look at the lanes that are moving from two to one, it's significantly lower and they can address that via divestitures. Obviously, that's a key component of why you're still confident in the voting trust being rejected. Wondering if you can just expand on that and provide your perspective as well. Thank you.

Keith Creel: I don't know if I can keep up with all that. I was actually taking notes for that.

Amit Mehrotra: I can repeat it if you want.

Keith Creel: I'm sorry?

Amit Mehrotra: I can repeat the question if you want, the second part later, if you'd like.

Keith Creel: Yeah. Yeah. Let's just start with the most important one upfront and that's the value question. There's $16 billion of value creation opportunity with these synergies. You combine these networks, the power of these two together, end-to-end, the markets that reach, we've got a very strong origin network, they've got a very strong destination network. You're going to uniquely create accommodation that connects three countries and all the trade that occurs today and all the trade and the investment that it will unlock for tomorrow.

So there's 16 billion reasons that our shareholders should care about this. You're talking about double-digit accretion in a matter of three years when you realize these synergies. That's an unparalleled opportunity for the CP shareholder. So I look forward to deep engagement with our CP shareholders. We have done some of that already obviously. We're going to do more of that today. We're going to do more of that tomorrow. It was compelling when we announced this deal back in I guess, it was March of this year, all the days seem to run together even more. And it's even more compelling today. So I do not think that we'll have any challenges at all getting this deal approved and supported by the majority of our CP shareholders.

Nadeem Velani: Amit, if I can just add. It's Nadeem. For years, our shareholders have been very supportive of our execution. And the one pushback is we wish you had a larger asset base to apply your execution on and your ability to drive value, grow the top line, do it at a low marginal cost, and generate return on invested capital that are closer to 17%. So you can't just take on assets at any cost. And we've been disciplined. I think we've shown we've been disciplined throughout this process.

But we think given the synergies that Keith mentioned, that John touched upon, that this asset base and combining these networks is going to grow a lot of value for customers, for communities that we operate in, and shareholders, both CP's existing shareholders and the KCS shareholder for the long term in terms of how we're going to drive value. So it doesn't come cheap. And I think that's fair. But nothing good comes cheap in this world. So we're very excited about the potential and very confident in our ability to drive value long term.

Amit Mehrotra: Yeah.

Keith Creel: And what was the – the second part was about the trust, again, do you mind repeating that?

Amit Mehrotra: Yeah. Sure. It was just about the – you've obviously characterized the CN and Kansas City combination is anti-competitive. Some of the points on the other side is that when you look at it on a lane-by-lane basis, a lot of the competition may be moving from five or six options down to four to five options. And the real two to one outcomes is much lower, which can be addressed by divestitures.

Obviously, you guys have done significant amount of work on this. I'd love to get your perspective -because as you look at kind of the combination, how many are actually two going to one. How many are four, five going to something a little bit lower that may not pose as much of a competition issue?

Keith Creel: Well, I think there is – the key thing that we've got to focus on, these are the undeniable facts and we can get into the details, because you're talking about hundreds of shippers that lose options. I would suggest that losing an option matters to a shipper, whether it's I don't have five anymore, or I only have four, or I don't have three anymore, I only have two. That's the definition of loss of competition, loss of competitive alternatives.

And the shipper decides, not the CN, not the KCS, not the CP, if they've lost competition, the facts lead you to that decision. And here's the other very undeniable fact that I think people have lost here. The CN-KCS combination must meet the public interest standard, both in the trust approval as well as the merger application and public interest as defined by the mandate of the STB and by the regulations say, which were put in place in 2001, this is the very first deal under those new rules, it clearly says to meet public interest, you not only have to protect, you have to enhance competition. This isn't a game of just increasing competitive options. It's not keeping score of winners and losers and debits and credits, which CN has led people to believe that it is.

Those facts will not be lost in, my assessment, at the STB. So it's not a matter of just keeping score, does it protect all existing competitive alternatives for the shipper today? The answer is unequivocally no, it does not. Just by divesting one line says that it does not. And that's not even truly a divestiture. So we keep spinning circles around this. I just – I'm a fact-based person. I'm trying to make disciplined decisions. And when you're looking at that deal and what it represents and I understand that deal quite frankly as well if not better than some of the people that are at Canadian National.

I know that network like the back of my hand. I understand those customers. I'm an operating officer. I worked there – I worked there longer than I've worked at CP. I cut my teeth on the Illinois Central Railroad as an operating officer. I drove the change, I was part of the team that created the value at Canadian National. I understand what I'm talking about. This isn't just spin. I'm just – again, it's all fact-based stuff. And if somebody will take the time to go back and just read the regulations, if the STB takes their action based on what the regulations and what the facts say and I believe wholeheartedly they will, they're going to do what's best for the US rail network's interest, what's best for the customer's interest, what's best for the industry's interest. And those facts of CN-KCS did not lead to a favorable outcome from the STB based on those facts. It's just again undeniable.

Amit Mehrotra: Okay. That's very clear. Thank you for taking the time. Appreciate it.

Keith Creel: Thank you. Appreciate the questions.

Operator: Your next question comes from Brandon Oglenski from Barclays.

David Zazula: Hey. Morning, this is David Zazula on for Brandon. Just quick question. As you guys have upped your estimates of synergies and seem to have good confidence in your own outlook, how did you land on this leverage level as the right leverage level for the offer versus maybe going with something more aggressive?

Nadeem Velani: Yes. We just wanted to keep the absolute debt in line with our voting trust approval. We didn't feel that we wanted to, to Keith's point earlier, take on additional leverage. Arguably, it's conservative, but we are conservative by nature. So that's the approach we took.

David Zazula: Thanks Nadeem.

Nadeem Velani: Thanks.

Operator: Your next question comes from Konark Gupta from Scotiabank.

Konark Gupta: To begin, thanks for taking my question. So let me just follow up to the previous question. So can STB, Keith, require you to resubmit the voting trust application at all considering the new debt or maybe new information they got? And how do you see the whole process if, let's say, STB rules on CN's voting trust before August 19? Thanks.

Keith Creel: I can't and I'm not going to speak for the STB. What I do know, though, is that our trust has been approved based on our facts. Even to Nadeem's point about leverage, our facts have not changed. They became even more compelling. Just this past week, Monday was a week ago, the STB made a ruling that confirmed that our trust approval and that our merger application is still alive and well and confirming our ability to use discovery to compel KCS in the absence of a partnership to provide us the information that's necessary to complete our application, so that they can be submitted in a timely fashion in compliance with the regulations.

And in fact, in the absence of full cooperation, we have approval to submit an incomplete application. So I would say that unequivocally, again, I'm not speaking for the STB, I'm just judging this on facts. Our deal, our trust approval is alive and well and deal certainty certainly exists. And what was the second question?

Konark Gupta: So I was kind of curious if STB comes out before August 19, and opines or rules on CN's voting trust, how do you see or foresee the whole process evolve?

Keith Creel: Well, again, I'd have to see what they say. Assuming that we're correct in our assessment that it's going to be a no, then obviously, it solidifies the compelling nature of the value that we put on the table as well as the deal certainty.

Konark Gupta: That makes sense. Thanks.

Keith Creel: Thank you.

Operator: Your next question comes from Scott Group from Wolfe Research.

Scott Group: Good morning, guys. So, Keith, if you're so sure about the STB rejecting CN-KCS, why not just wait six months and not spend another $3 million? And then, maybe just separately, I guess I'm curious is your hope here that the KCS board just decides to break the CN deal and select your offer? Or is it more so your hope that the KCS shareholders are just going to reject the CN deal with the vote and that will save the break fees.

Keith Creel: I'm not focused on break fees. I'm focused on value creation, Scott. Let me say that. And then, the point about why not just wait if we're so sure, the way they set this up, they're prepared to have a vote in the absence of the trust ruling. They're not waiting for the trust ruling. So that alternative is not on the table. The

reality is, if that vote goes forward with no alternative on the table, I know that because the KCS shareholders have told me that, they have no choice but to say yes, Scott. You know that and I know that.

So I'm not going to wait until February. In the absence of an alternative, I know what the outcome of the vote would be. And then, I'm putting this company's ability to create this very unique value at risk. There's no certainty in February of 2022 I'll get a chance to make that compelling offer again. A lot can happen between now and then.

What I know to be true is we have deal certainty. It's undeniable. This is compelling value and this combination together uniquely because of the facts is even more compelling. With a team that has an ability to actually execute, you don't have the regulatory risk, you don't have the risk tied to getting actually realizing the value and you certainly don't have the execution risk. To me, I believe that message matters to the KCS shareholders in spite of what some of the naysayers might say. And I say that says act now. And that's what exactly what we're doing. And I firmly believe it's the exact right thing to do. Period. I don't know how better to explain.

Scott Group: Thank you, guys.

Keith Creel: Thank you, Scott.

Operator: Ladies and gentlemen, we have reached the allotted time for questions and answers. I will now turn the call back to Mr. Keith Creel.

Keith Creel: Listen, again, thank you for your time on such short notice. We're going to turn our attention to engaging with CP shareholders today, KCS shareholders. We've got a lot of exciting details to talk about and we look forward to those engagements. Before the day ends tomorrow, we will have met and shared our convictions and our thoughts and received feedback from over 50% of the KCS shareholders. So we've got a pretty compelling opportunity to share these compelling facts. Have a great day and we'll talk to you soon.

Operator: Ladies and gentlemen, this concludes today's conference. You may now all disconnect.