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October 5, 2022

Part of

Public Record

Keith Creel

President and Chief Executive Officer

Canadian Pacific

THE FUTURE CPKC NETWORK

- ✓ A perfect fit with no overlap
- ✓ Generates tremendous public benefits
- ✓ Creates new efficient and effective single-line transport options
- ✓ Provides broader reach for customers served by CP and KCS
- ✓ Competition, Competition, Competition



Transaction Delivers Numerous Other Public Benefits

- ✓ **Supports Investment in a More Robust Rail Network**
 - CPKC will make significant capital improvements to its U.S. network
 - Spurs investments by all stakeholders to take advantage of improved transportation options
- ✓ **Generates Environmental Benefits**
 - Takes trucks off highways
 - Reduces emissions
- ✓ **Creates New Employment Opportunities**
 - CPKC will invest in a strong employee base to support growth
 - Seamless labor implementing agreements
- ✓ **Supports Passenger Rail Expansion**

CPKC's Commitments

- ✓ **Increases investment of up to five years**
- ✓ **Adherence to settlement agreements**
- ✓ **Compliance with SIP**
- ✓ **Compliance with voluntary environmental mitigation commitments**
- ✓ **Standard labor protection agreements**

- ✓ **CPKC will be ACCOUNTABLE to on-the-record commitments**
 - CPKC will keep affected gateways open on commercially reasonable terms and create no new bottlenecks
 - CPKC will honor its Service Promise
 - CPKC will honor its offer to extend Bayer agreement terms to all of KCS's TIH shippers
 - CPKC will collaborate with all users of Texas lines shared with CPKC to support coordinated operations and necessary infrastructure additions
 - CPKC will honor its commitments to Metra

CPKC's Commitments to Metra

- ✓ Will not force CPKC freight trains operating between Kansas City and St. Paul, MN over the lines we share with Metra (except in emergency detour situations).
- ✓ Will not object to Metra resuming of its full pre-COVID schedules on Metra's MD-W and MD-N lines.
- ✓ Will work collaboratively with Metra on improved real-time communications about dispatching decisions that might have an impact on Metra's scheduled trains.
- ✓ Will support collaborative assessments of proposed Metra operational changes outside peak windows (when Metra needs our consent to add trains).
- ✓ Will support an agreed-upon escalation process to avoid or resolve disputes about issues impacting Metra train performance.

KANSAS CITY SOUTHERN



MR. PATRICK OTTENSMEYER



Founded in 1887

**----- UP Haulage
Rights in 1988**

KCS until 1992





1993: KCS Purchases MidSouth





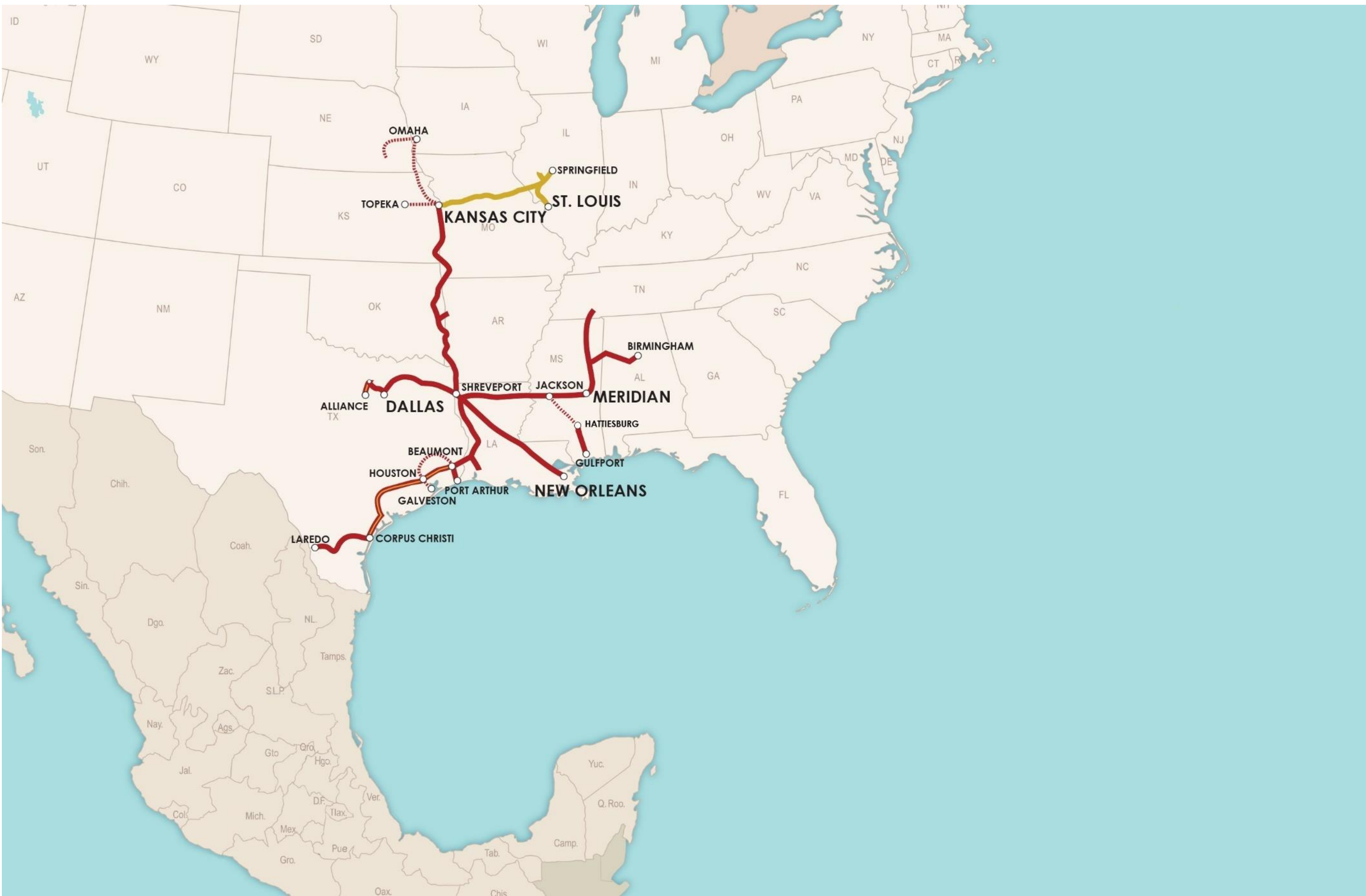
1995: Partnership with TMM results in the Texas Mexican Railway (Tex Mex) Investment





1996: UP Trackage Rights linking KCS & Tex Mex





1997: KCS Purchases Gateway Western





1997: KCS Obtains Minority Ownership in TFM

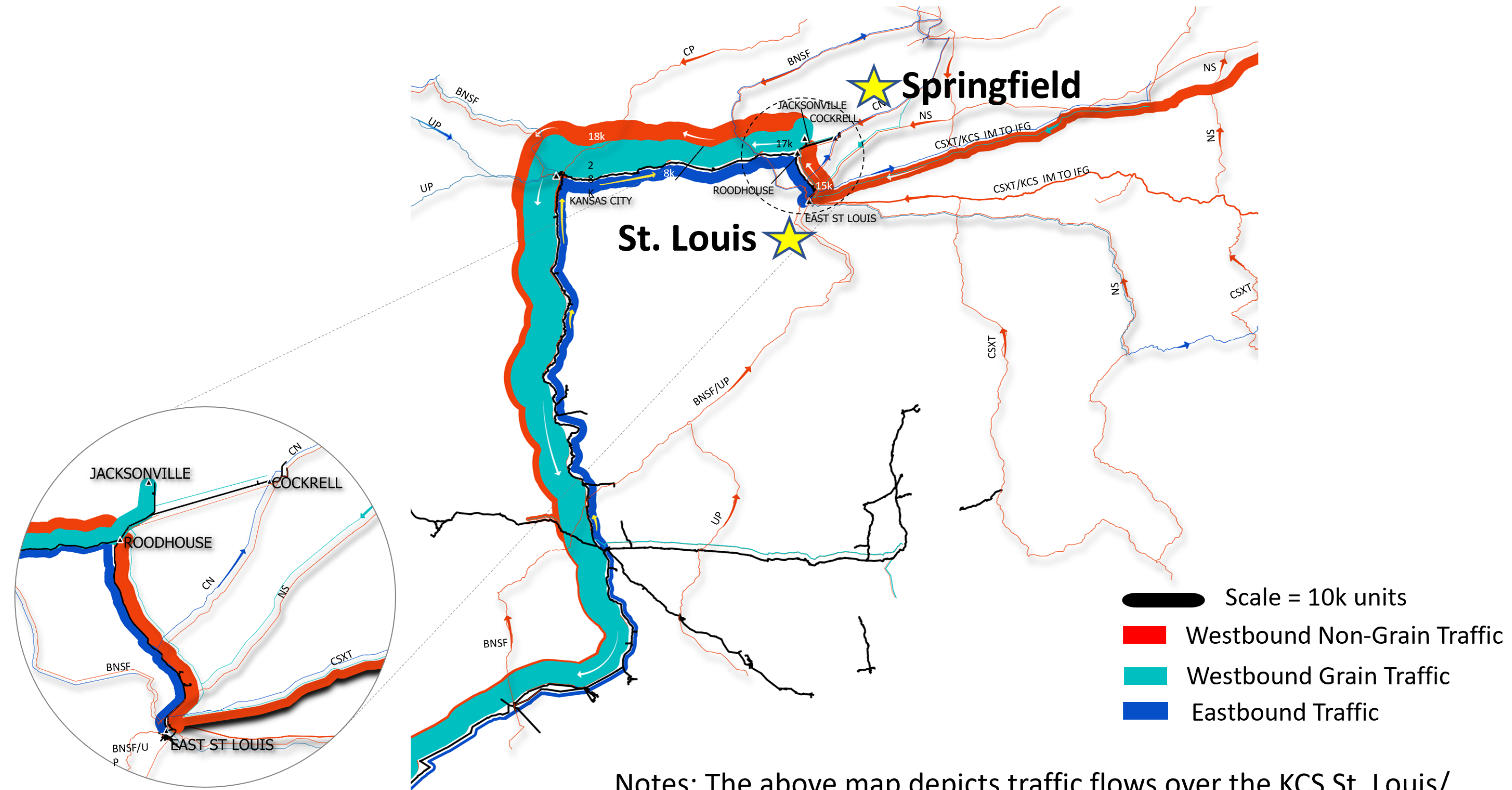




2005: KCS Gains Control of Tex Mex and TFM; Establishes KCSM



2019 Density Map of Traffic on KCS St. Louis / Springfield Line



Notes: The above map depicts traffic flows over the KCS St. Louis/ Springfield line. Underlying data for the mapped traffic flows is contained in the Brown/Zebrowski RVS workpaper "HC - 2019 Springfield Line Traffic Summary.xlsx". The non-KCS portion of interline movements are depicted for all lanes with at least 20 units based on routings projected using PC Miler.



2005: KCS Gains Control of Tex Mex and TFM; Establishes KCSM



THE FUTURE CPKC NETWORK

- ✓ Injects new competition and new capacity into U.S. rail network
- ✓ Facilitates USMCA trade flows
- ✓ Improves safety
- ✓ Grows employment
- ✓ Facilitates new passenger service
- ✓ Moves freight from truck to rail for positive environmental benefits



John Brooks

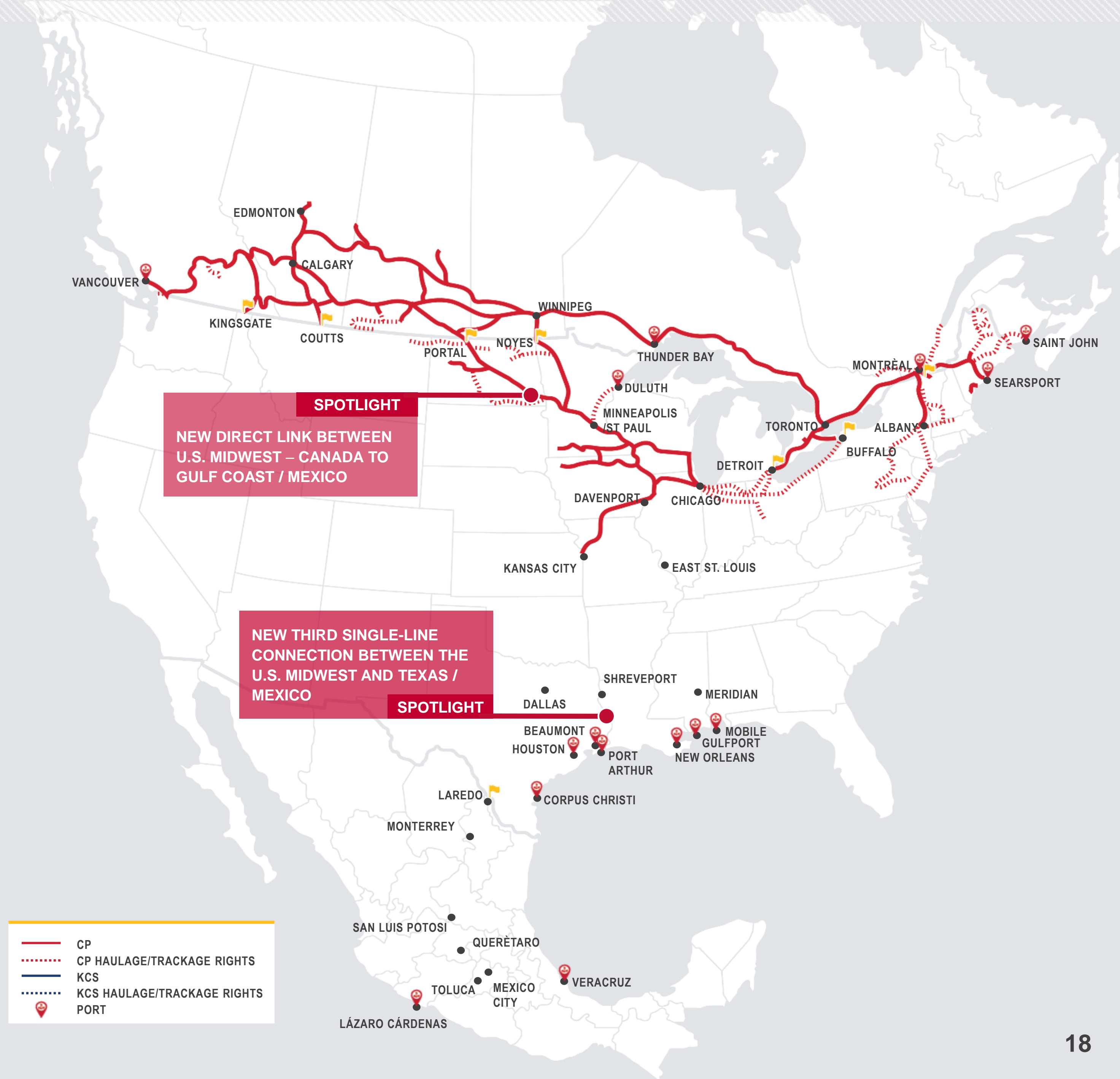
Executive Vice-President, Chief Marketing Officer

Canadian Pacific

The First U.S. - Mexico - Canada Rail Network

- Enhances and creates competition
- Creates new single-line routes
- Will have capacity to support growth and resiliency
- Focused on service and listening to our customers

CPKC will drive growth



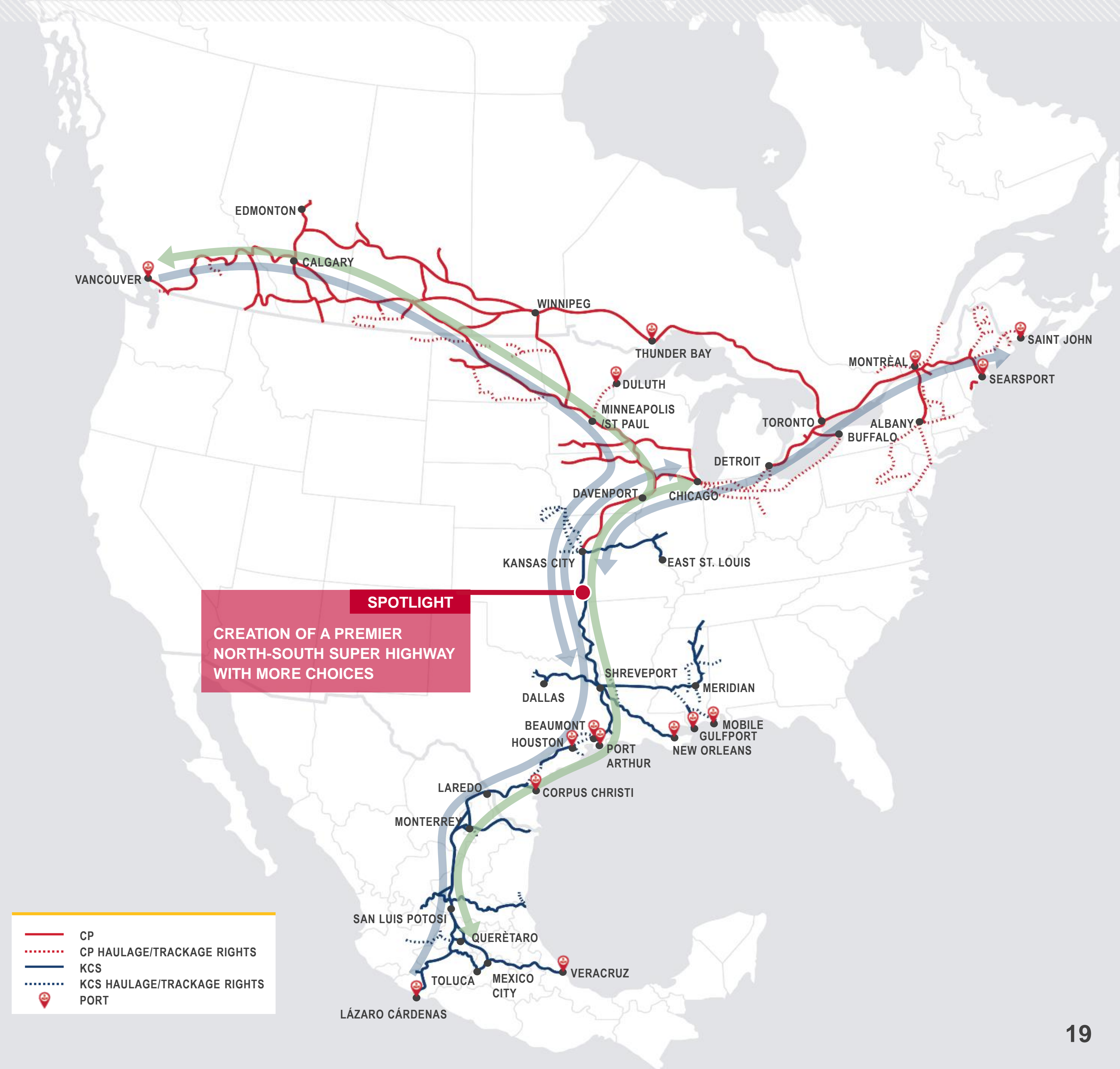
CPKC Intermodal

New domestic service offerings will deliver speed, capacity, consistency.

- New routes will link consumers and producers in major markets
- Creates new rail options for customers that are 100% reliant on shipping by truck
- Removes trucks from highways and reduces greenhouse gas emissions to the benefit of all

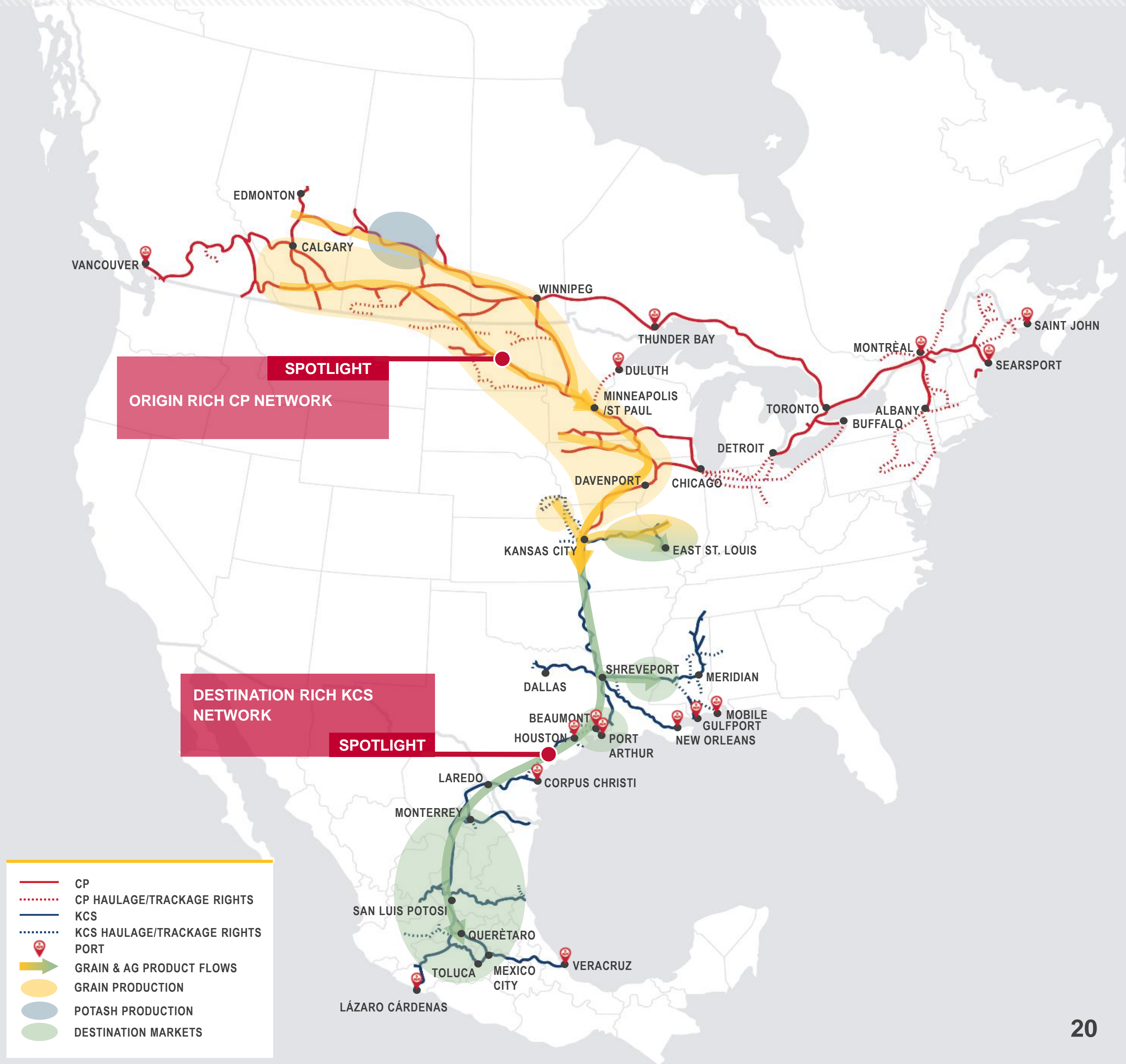
New international services based on access to ports across Canada, U.S. Gulf, and Mexico.

- Connects CP and KCS-served ports with broader reach across North America
- Lázaro Cárdenas creates a competitive option and an escape valve for U.S. consumers



CPKC Grain & Ag Products

- Creates more options and market outlets for the movement of grain across North America
- Links grain receivers on KCS system with grain producers on CP's network
- Supports new investment in grain-handling facilities and expansion of CP's 8,500' High Efficiency Product (HEP)
- KCS St. Louis/Springfield line will be a key artery supporting existing KCS single-line market access and new CPKC single-line services

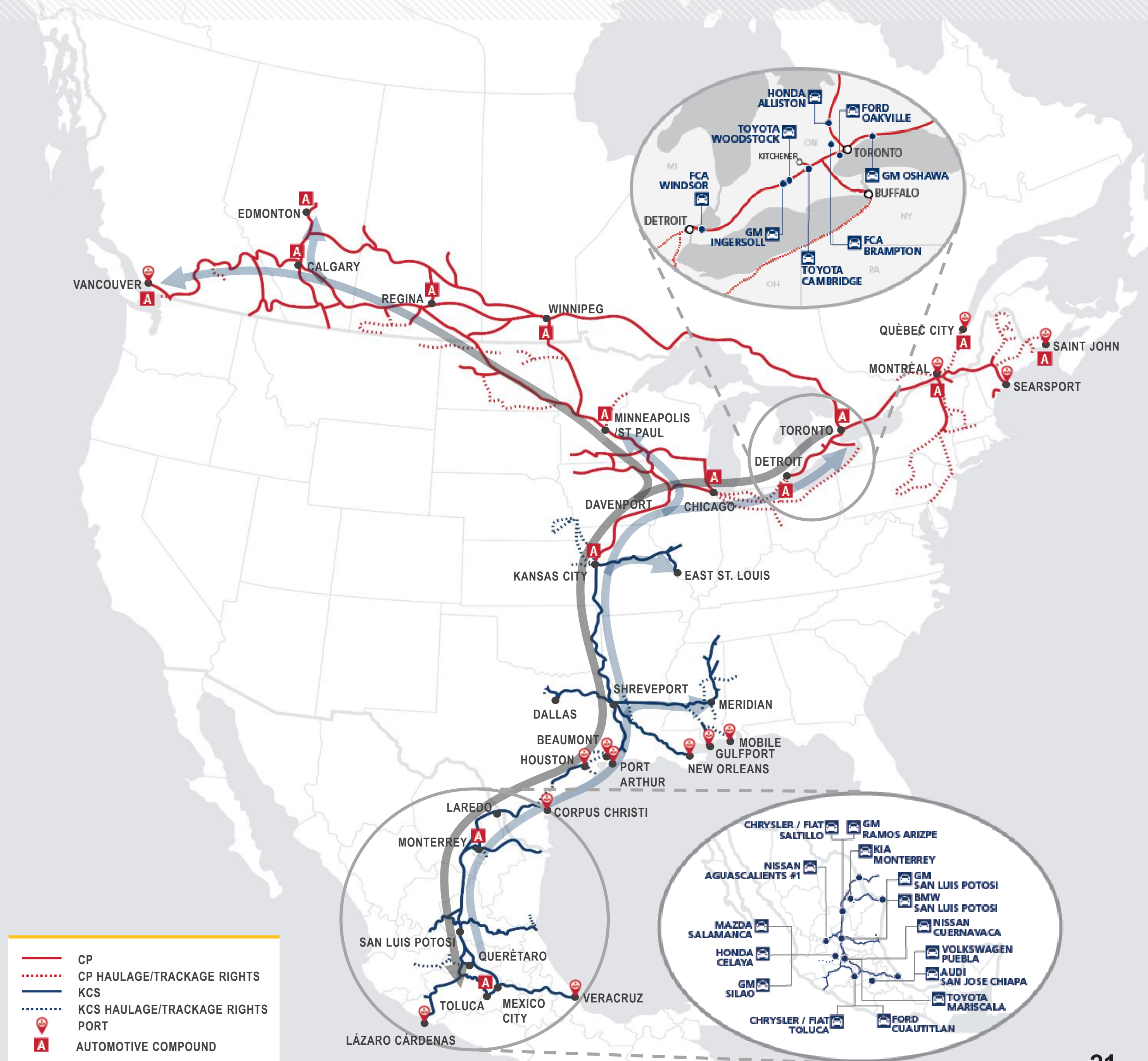


CPKC Automotive

- Provides single-line access to 23 auto production facilities with seamless reach to 200 million consumers in Canada, Mexico and Midwest-U.S.
- Generates new head-to-head single-line competition for automobile and parts shipments
- Enables closed-loop equipment solutions delivering consistent, reliable service

Auto Compound Network

- CP brings significant land assets and existing auto compound capacity
- Room to grow
- Chicago compound: <6 miles to O'Hare, serving Chicago (West and Northwest) and Wisconsin markets

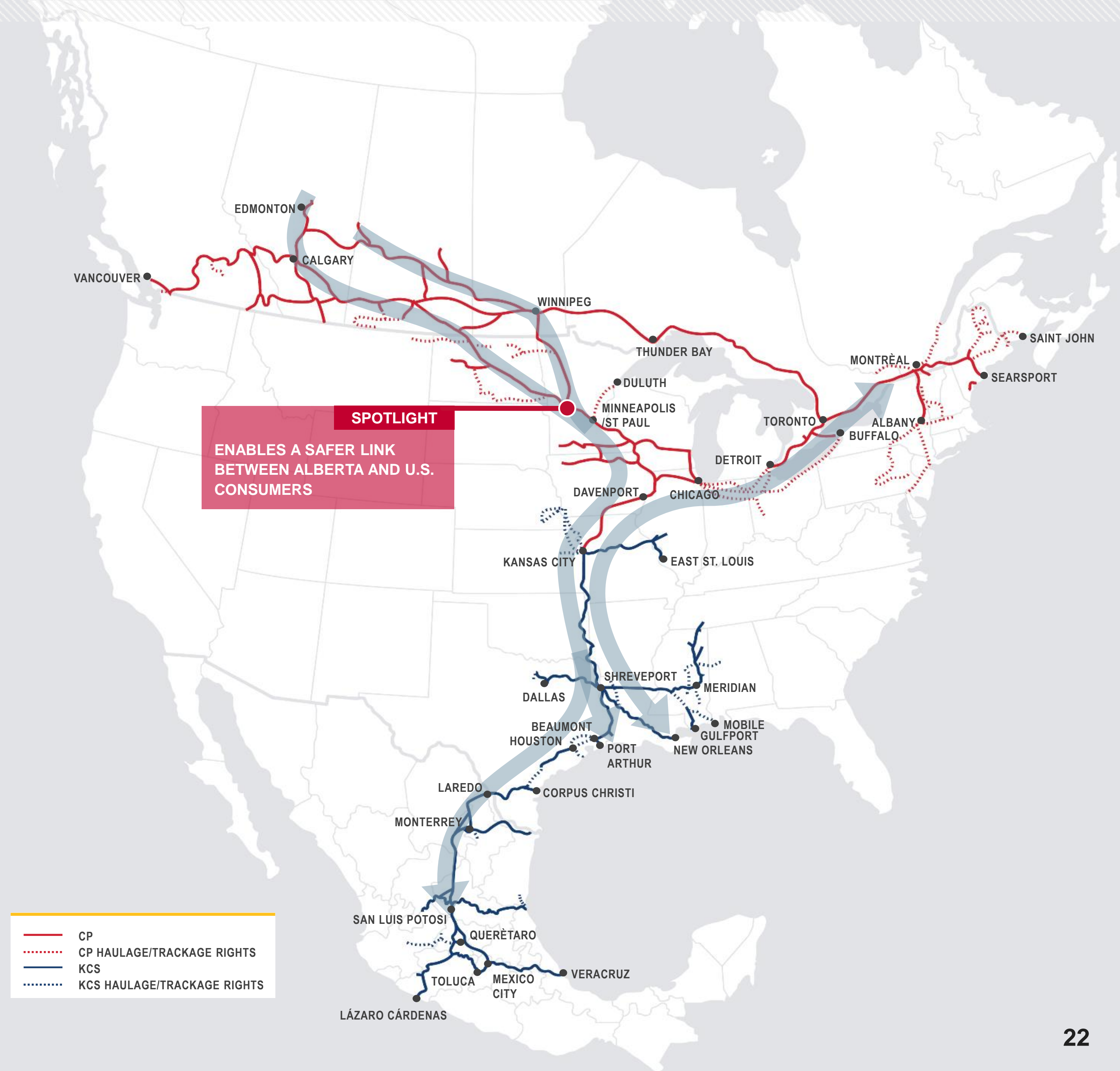


CPKC Energy and Chemicals

- Connects the energy hub of Canada to the energy hubs of the U.S. and Mexico
- New single-line benefits create competition and enable investment

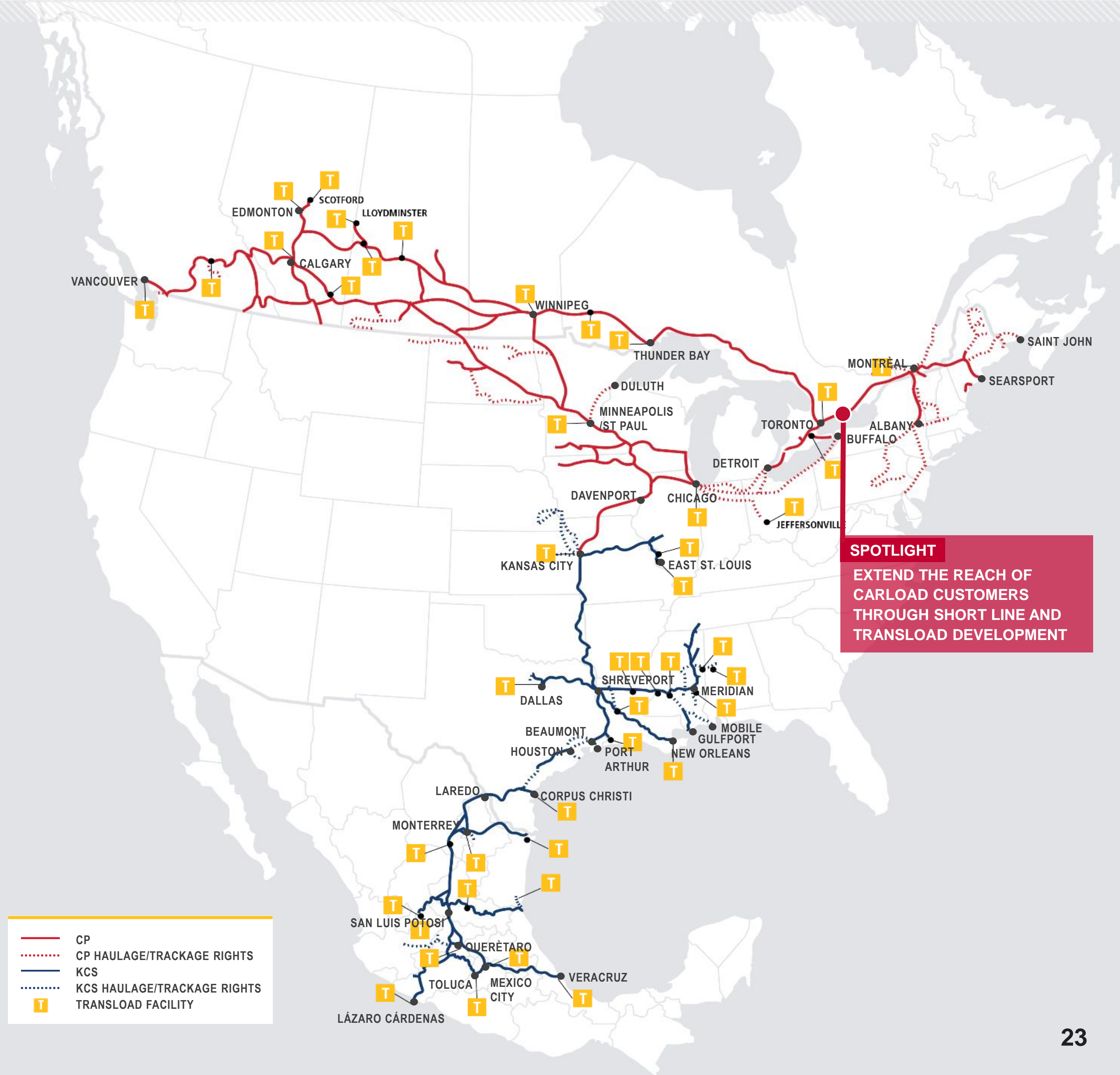
Safety

- CP is the industry leader
- 16 years with lowest train accident frequency of any Class 1
- Supports transition to non-hazardous DRU-bit



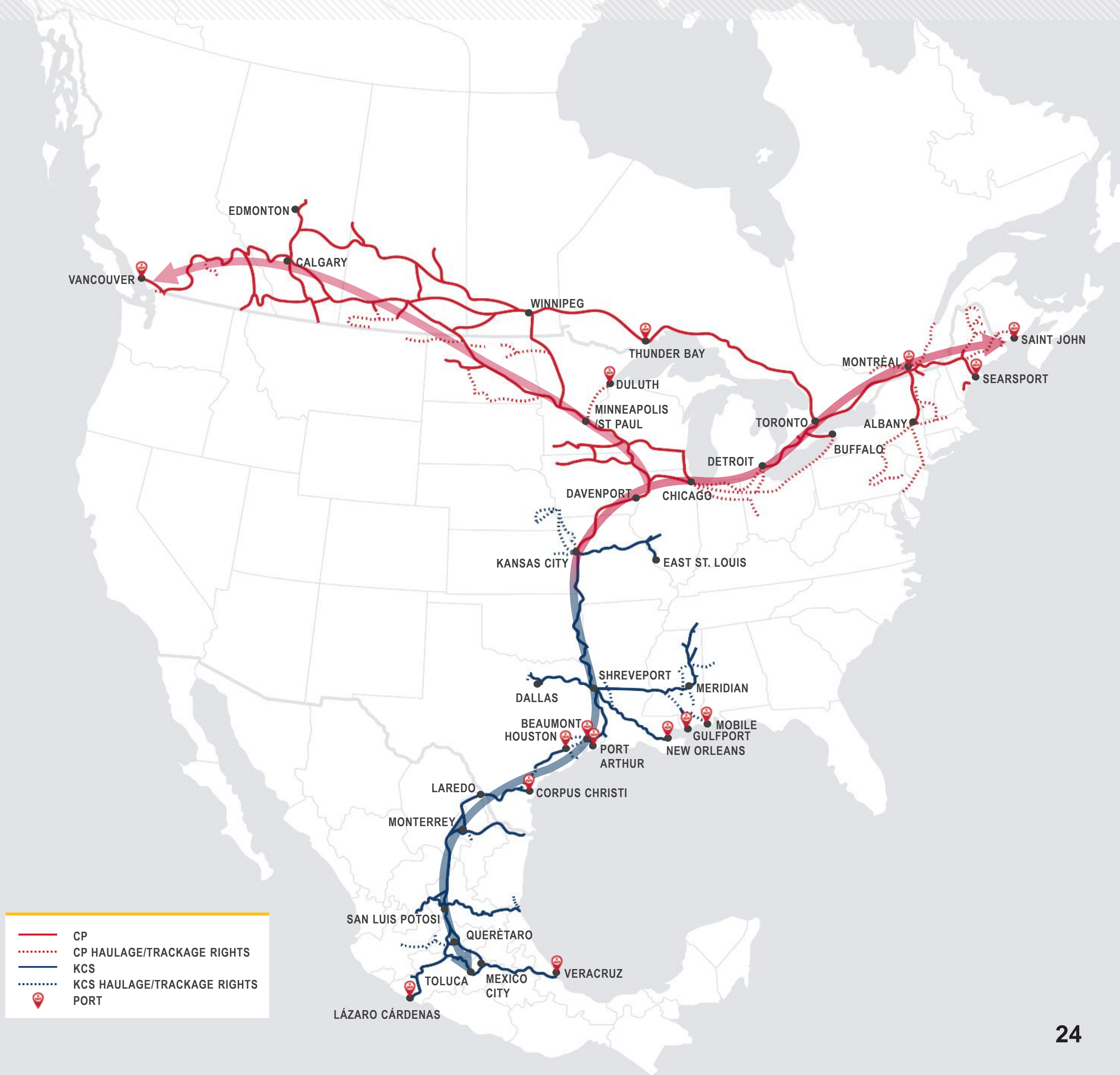
CPKC Merchandise Commodities

- New single-line haul routes drive asset utilization and consistent, reliable car supply across all commodities.
- CPKC's focus on short line collaboration will extend reach for additional customers.
- CPKC's extensive transload network will magnify customer access to new markets and scope of new competition.



CPKC Will Add New Options Without Taking Any Away

- CPKC will still be a “small fish in a big pond” in the North American rail network.
- CPKC’s success will depend on improving SERVICE and ECONOMICS for customers.
- CPKC will support existing interline routes.
- Customers will have more options, not fewer.



THE CPKC SERVICE PROMISE

PILLAR 1 We will **PLAN** thoroughly for transaction implementation.

PILLAR 2 We will **MONITOR** our post-transaction performance.

PILLAR 3 We will **TRANSPARENTLY REPORT** on our post-transaction performance.

PILLAR 4 We will proactively **COMMUNICATE** and **CONSULT WITH CUSTOMERS** about our post-transaction performance.

PILLAR 5 We will **RESOLVE CONCERNS** and promptly **FIX** any issues that arise.

Operating Plan

Raymond Elphick

Assistant Vice President of Service and Product Design

Canadian Pacific

John Orr

Executive Vice President of Operations

Kansas City Southern

A Real-World Operating Plan for the Combined Network

1. Establish a base

- Map the entire network
- Build the integrated traffic file
- Layer in existing design for both companies
- Generate metrics to establish a base

2. Optimize the combined network

- Look for opportunities to make more efficient
- Generate metrics for an optimized - Day 1 plan

3. Design the network to Year 3 growth

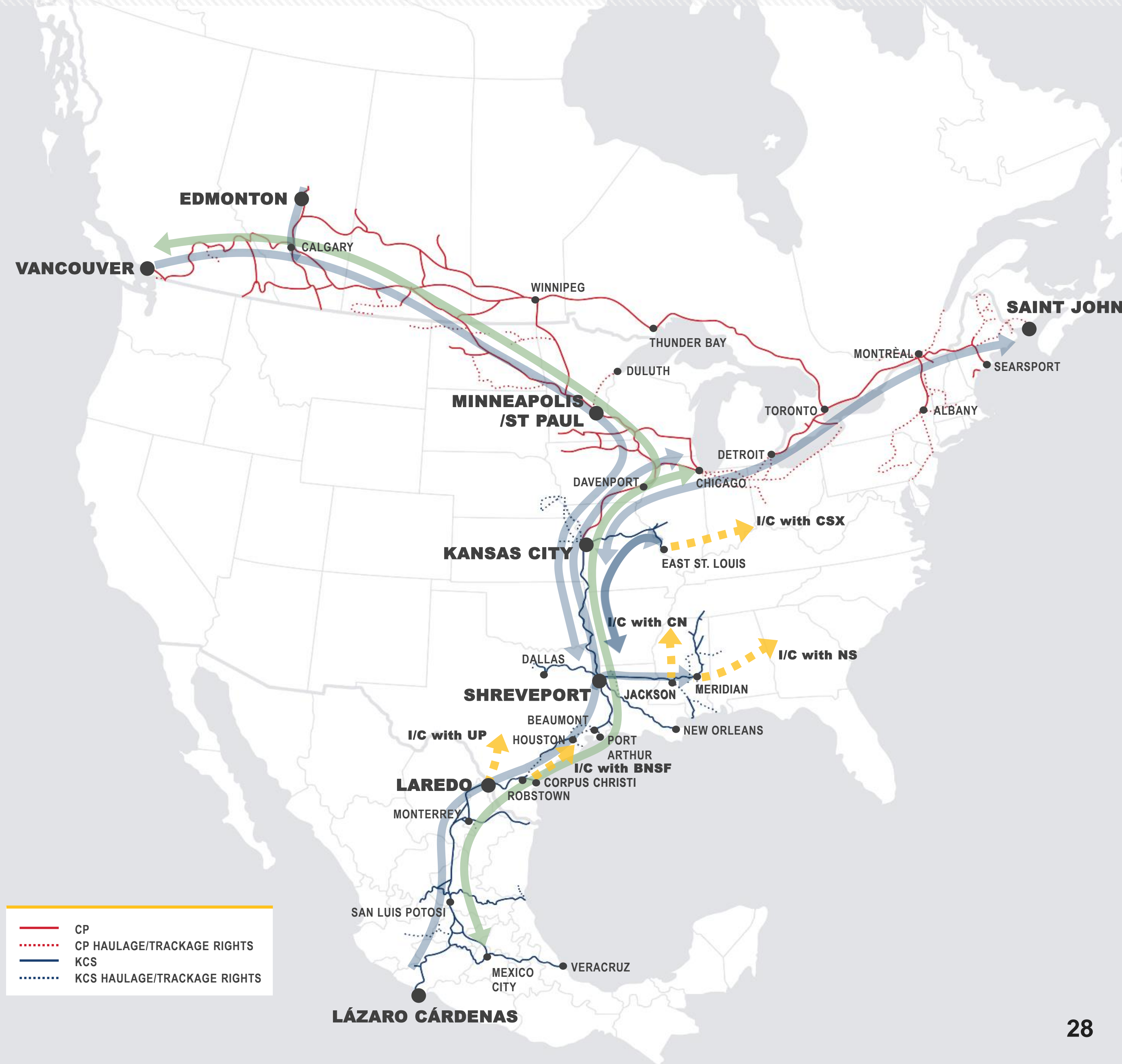
- Build the growth traffic file
- Generate metrics for the growth plan

4. Build the capital plan and assess resources



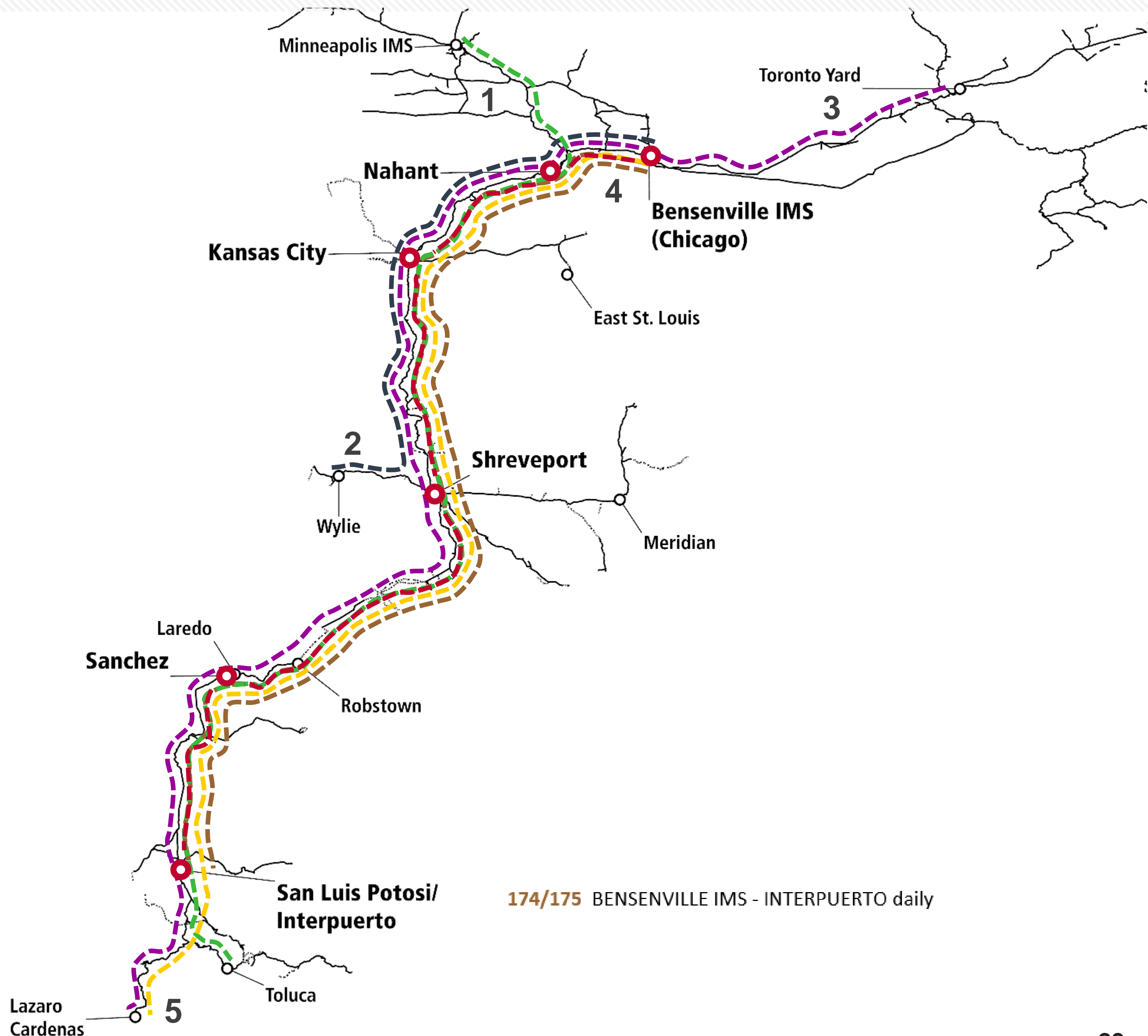
It's a Network

- Growth will enable all points to be better served
- Deeper blocking and longer distance trains
 - Reduces transit times
 - Generates greater reliability
 - Improves resource utilization
- The density of traffic along the north-south corridor of the combined network creates economies of scale
- “A car is a car,” connecting carriers (based on the traffic analysis) would receive the same or better service



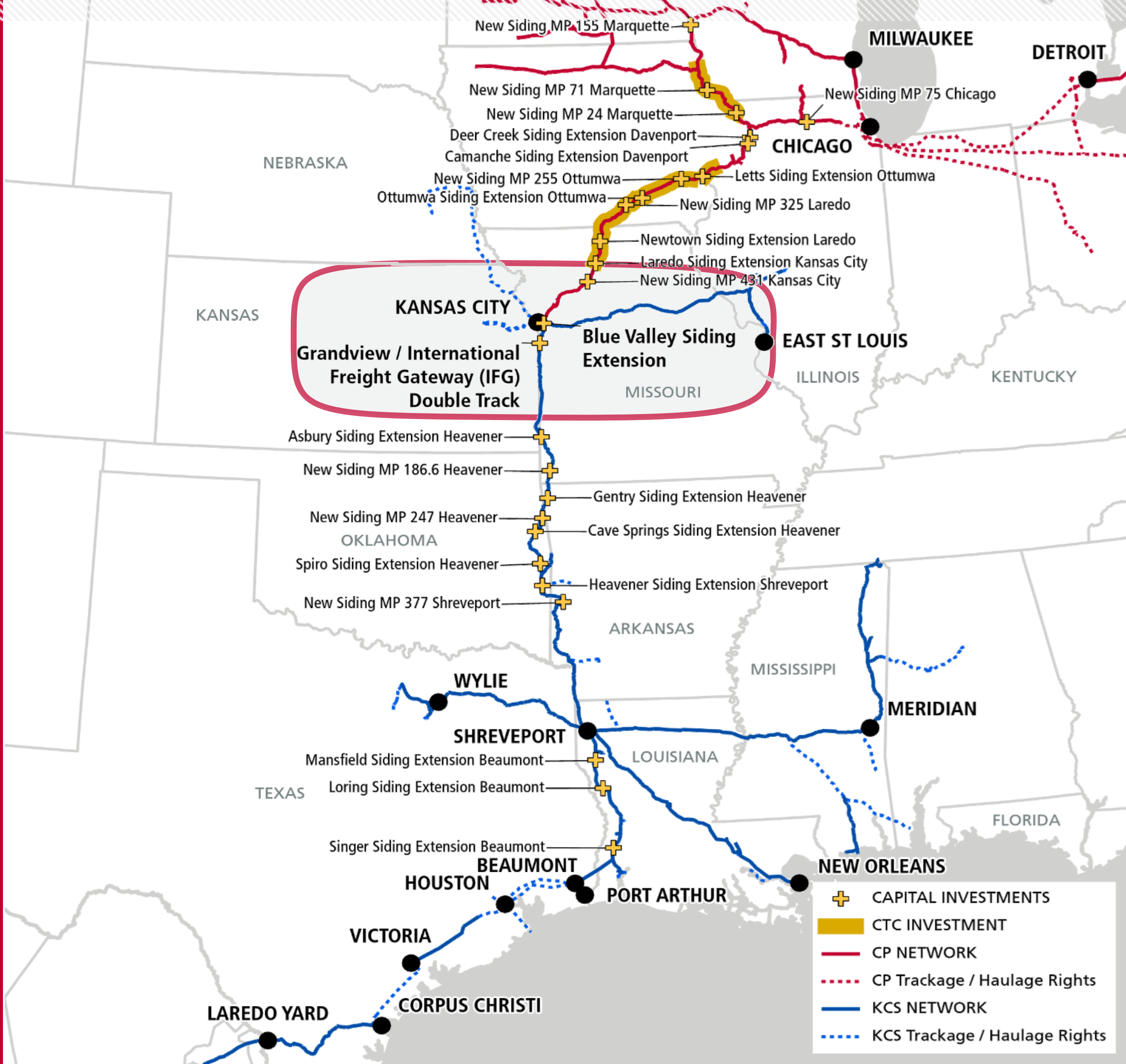
More Efficient and Effective Single-Line Services

- 5 long-haul, single-line, train pairs unlock the ability to compete
 - 160/161 Minneapolis – Toluca (Intermodal / Manifest)
 - 162/163 Bensenville – Wylie (Intermodal / Manifest)
 - 170/171 Toronto – Lázaro Cárdenas (Intermodal / Auto / Manifest)
 - 174/175 Bensenville – Interpuerto (Intermodal / Manifest)
 - 176/177 Bensenville – Lázaro Cárdenas (Intermodal)
- Balanced daily plans which create:
 - Velocity
 - Reliability
 - Service



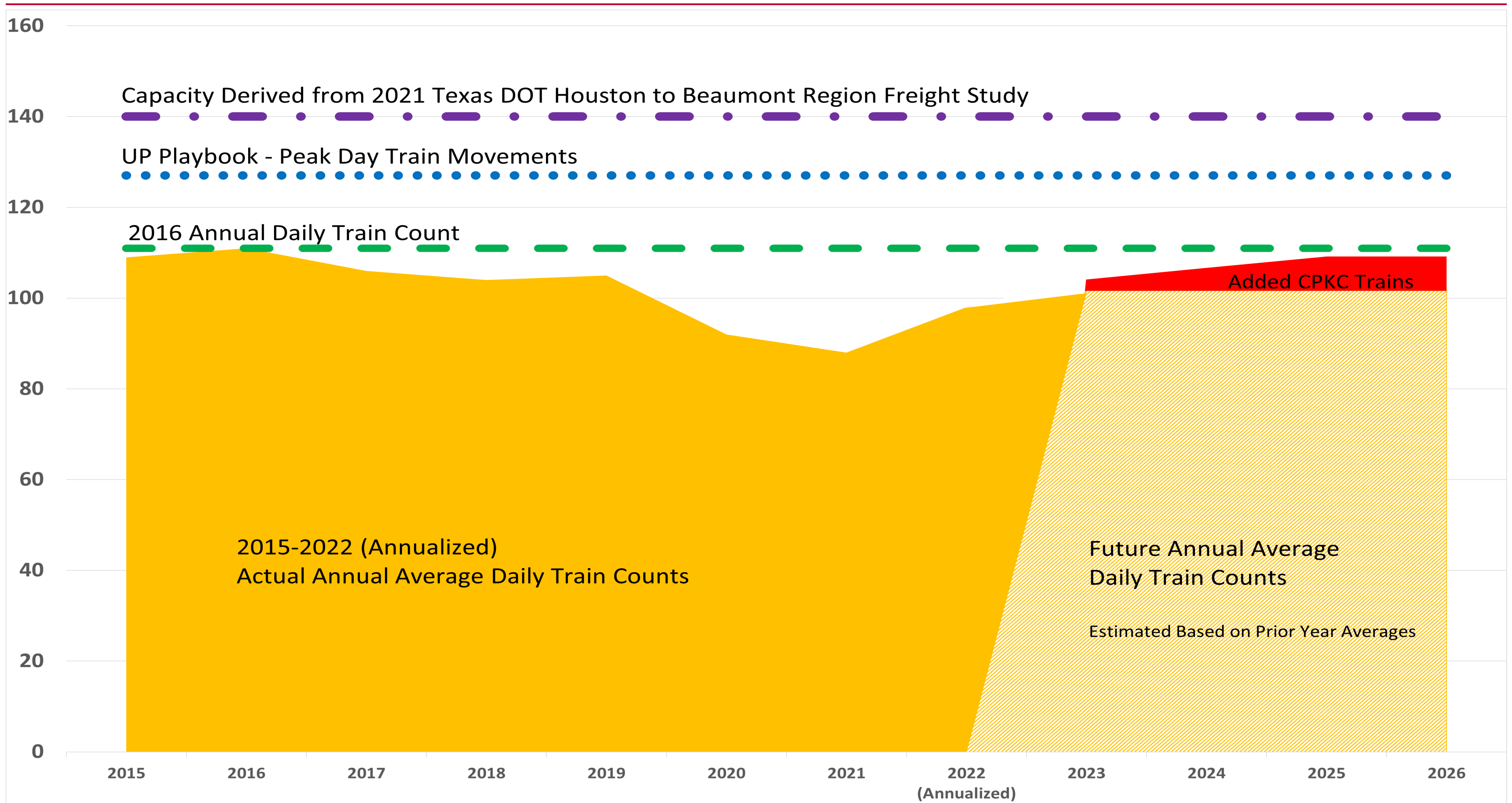
North/South Focus on Capital

- CP has a well-established process and expertise for determining capacity capital to build out its network.
- The entire combined network was analyzed for track capacity based on the expected growth.
- \$276M in transaction-related capital is planned for the North/South corridor which will support the improved velocity and reliability.
- Together, this work will dramatically transform the North/South corridor.

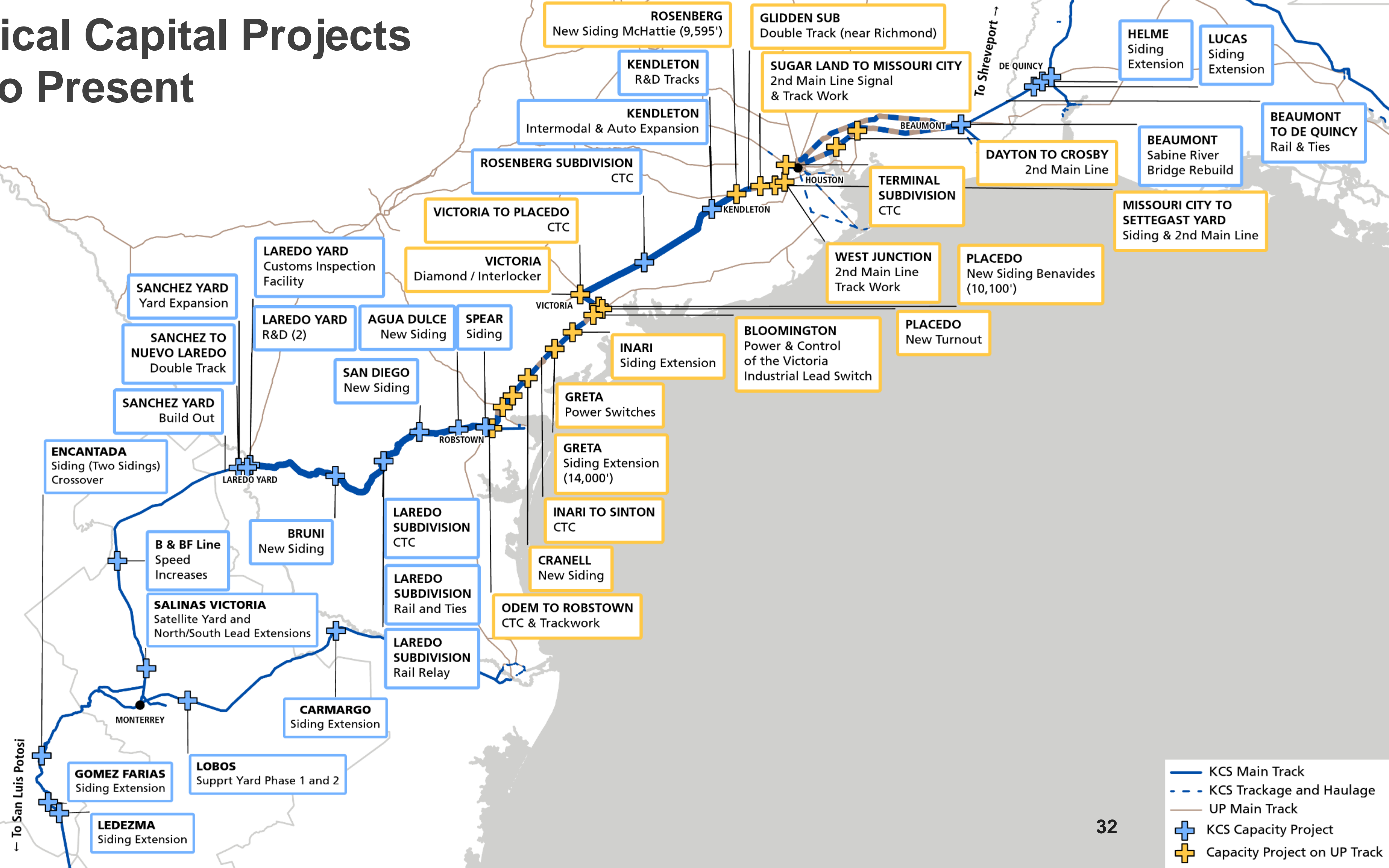


HOUSTON & THE SHARED TRACK HAVE CAPACITY

PROJECTED TRAIN COUNTS ARE BELOW HISTORIC AVERAGES

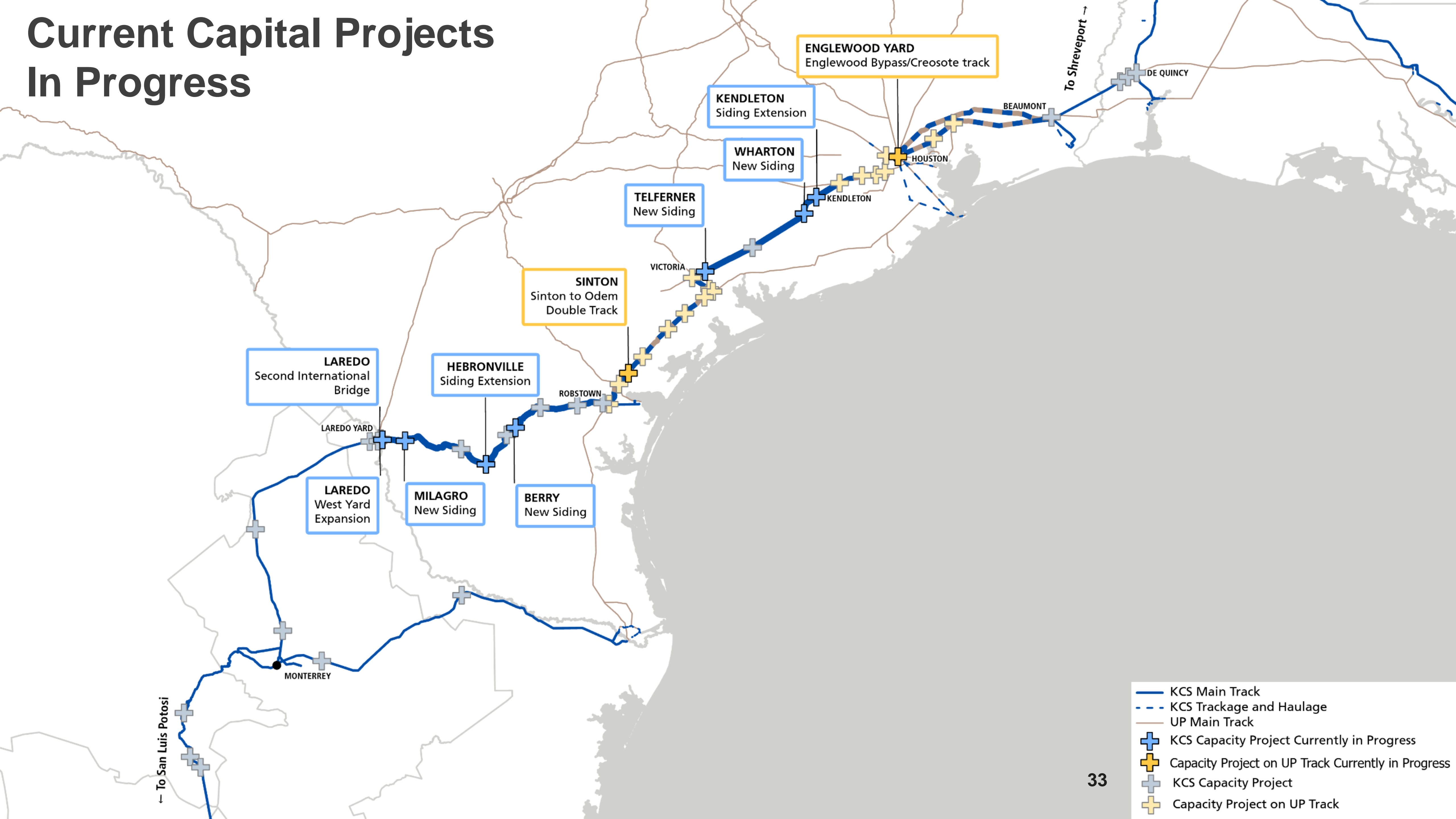


Historical Capital Projects 2013 to Present



- KCS Main Track
- - - KCS Trackage and Haulage
- UP Main Track
- + KCS Capacity Project
- + Capacity Project on UP Track

Current Capital Projects In Progress



- KCS Main Track
- - - KCS Trackage and Haulage
- UP Main Track
- + KCS Capacity Project Currently in Progress
- + Capacity Project on UP Track Currently in Progress
- + KCS Capacity Project
- + Capacity Project on UP Track

STB-APPROVED AGREEMENTS PROVIDE PROCESS

UP AND BNSF CONDITIONS ARE UNNECESSARY

TERMS FOR TEXAS MEXICAN RAILWAY COMPANY TRackage RIGHTS

5. Additions:

(a) Owner and User shall conduct a joint inspection to determine what connections

(b) Except as provided in Section 5(a) above, expenditures for any future Changes in and/or Additions to the Joint Trackage, such as, but not limited to, sidings, Centralized Traffic Control, grade separations, and future connections, shall be handled as follows: (i) if the Change in and/or Addition to the Joint Trackage is required by any law, rule, regulation or ordinance promulgated by any government body having jurisdiction, or as Owner, in its sole discretion, shall deem necessary, subject to Section 2.2. Such Changes in and/or Additions to the Joint Trackage shall become a part of the Joint Trackage or in the case of retirements shall be excluded from the Joint Trackage.

“5(b) ... expenditures for any future Changes in and/or Additions to the Joint Trackage, such as, but not limited to sidings, Centralized Traffic Control, grade separations, and future connections, shall be handled as follows:...”

“2.2 Unless otherwise mutually agreed to by the parties in writing, Owner shall ... be responsible for any Changes in and/or Additions to the Joint Trackage as shall be necessary to accommodate the traffic of Owner and User while maintaining existing service standards (including transit times) in effect on the date of the Terms.”

“ 2.4 The trackage rights granted hereunder shall give User access to and joint use of the Joint Trackage for such use as is permitted by Section 2 of the Terms, equal to that of Owner.”

Section 2. MAINTENANCE, ADDITIONS, OPERATION, AND CONTROL

2.1 Owner shall have sole charge of the maintenance and repair of the Joint Trackage with its own supervisors, labor, materials and equipment. Owner, from time to time, may make such Changes in and/or Additions to the Joint Trackage as shall be required by any law, rule, regulation or ordinance promulgated by any government body having jurisdiction, or as Owner, in its sole discretion, shall deem necessary, subject to Section 2.2. Such Changes in and/or Additions to the Joint Trackage shall become a part of the Joint Trackage or in the case of retirements shall be excluded from the Joint Trackage.

2.2 Unless otherwise mutually agreed to by the parties in writing, Owner shall, (i) keep and maintain the Joint Trackage on a consistent basis at no less than the track standard designated in the timetable in effect on the date of the Terms, including special instructions for the Joint Trackage as of the date of the Terms, (ii) maintain at least the physical capacity of the Joint Trackage as of the date of the Terms (i.e., number of main tracks, support tracks, signal systems, rail weight, line clearances, etc.), and (iii) be responsible for any Changes in and/or Additions to the Joint Trackage as shall be necessary to accommodate the traffic of Owner and User while maintaining existing service standards (including transit times) in effect on the date of the Terms. In the event that User desires that the Joint Trackage be improved to a condition in excess of the standard set forth in this Section 2.2, or desires that other Changes in and/or Additions to be made to the Joint Trackage, Owner agrees to make such Changes in and/or Additions to the Joint Trackage if funded in advance by User. Thereafter, such Changes in and/or Additions to the Joint Trackage shall become part of the Joint Trackage and shall be maintained by Owner in such improved condition.

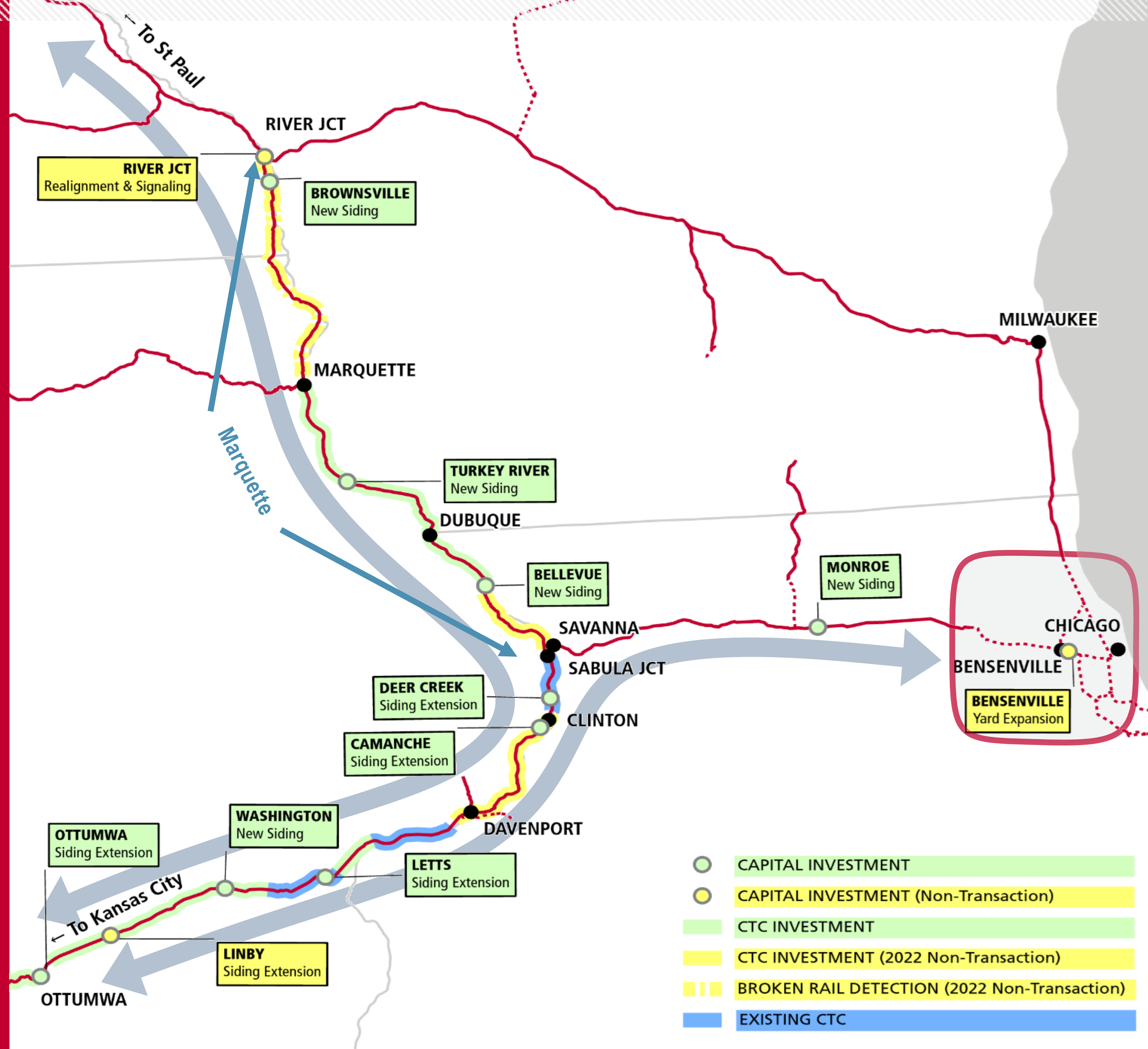
2.3 Owner shall employ all persons necessary to construct, operate, maintain, repair and renew the Joint Trackage. Owner shall be bound to use reasonable and customary care, skill and diligence in the construction, operation, maintenance, repair and renewal of the Joint Trackage and in managing of the same. Owner shall make its best effort to ensure that User is given the same advance notice of maintenance plans and schedules as is provided to Owner's personnel.

2.4 The trackage rights granted hereunder shall give User access to and joint use of the Joint Trackage, for such use as is permitted by Section 2 of the Terms, equal to that of Owner. The management, operation (including dispatching) and maintenance of the Joint Trackage shall, at all times, be under the exclusive direction and control of Owner, the movement

Chicago Area Capacity and Operations

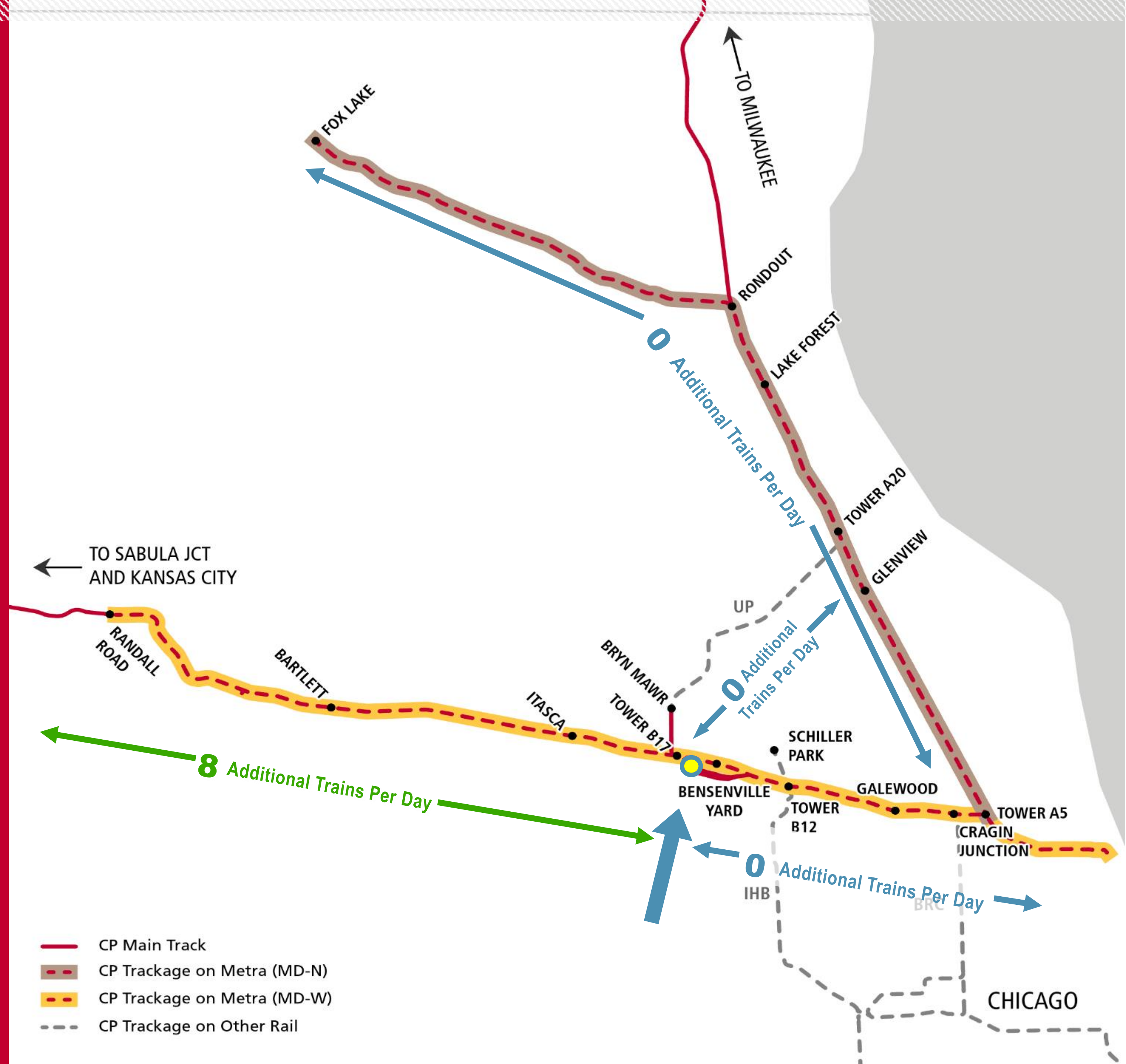
Significant Capital Investment to Ensure Safety and Service

1. Our planned investments and our operations in the Chicago area demonstrate that there will be ample capacity to support the trains contemplated.
2. CP is committed to maintaining a very high level of service.
3. CP dispatching is critical to everyone's success.



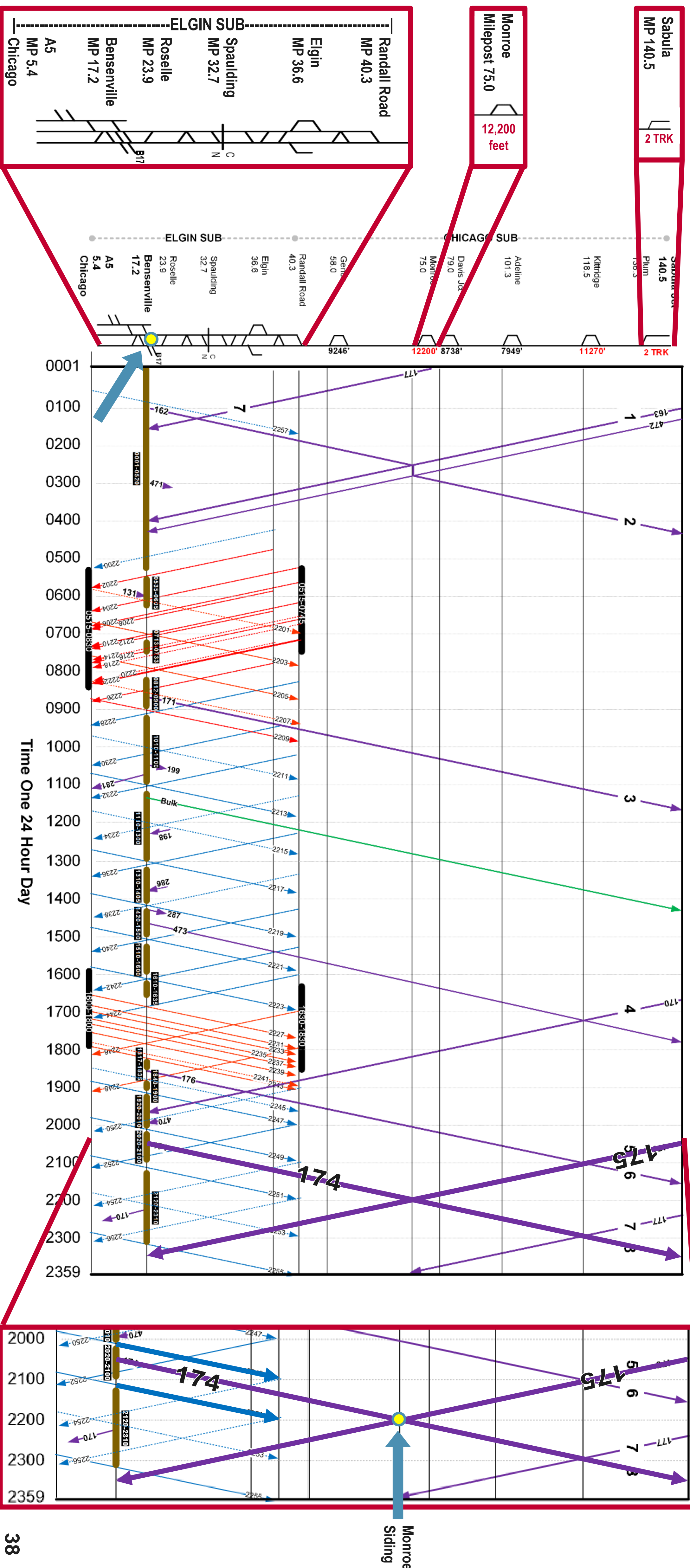
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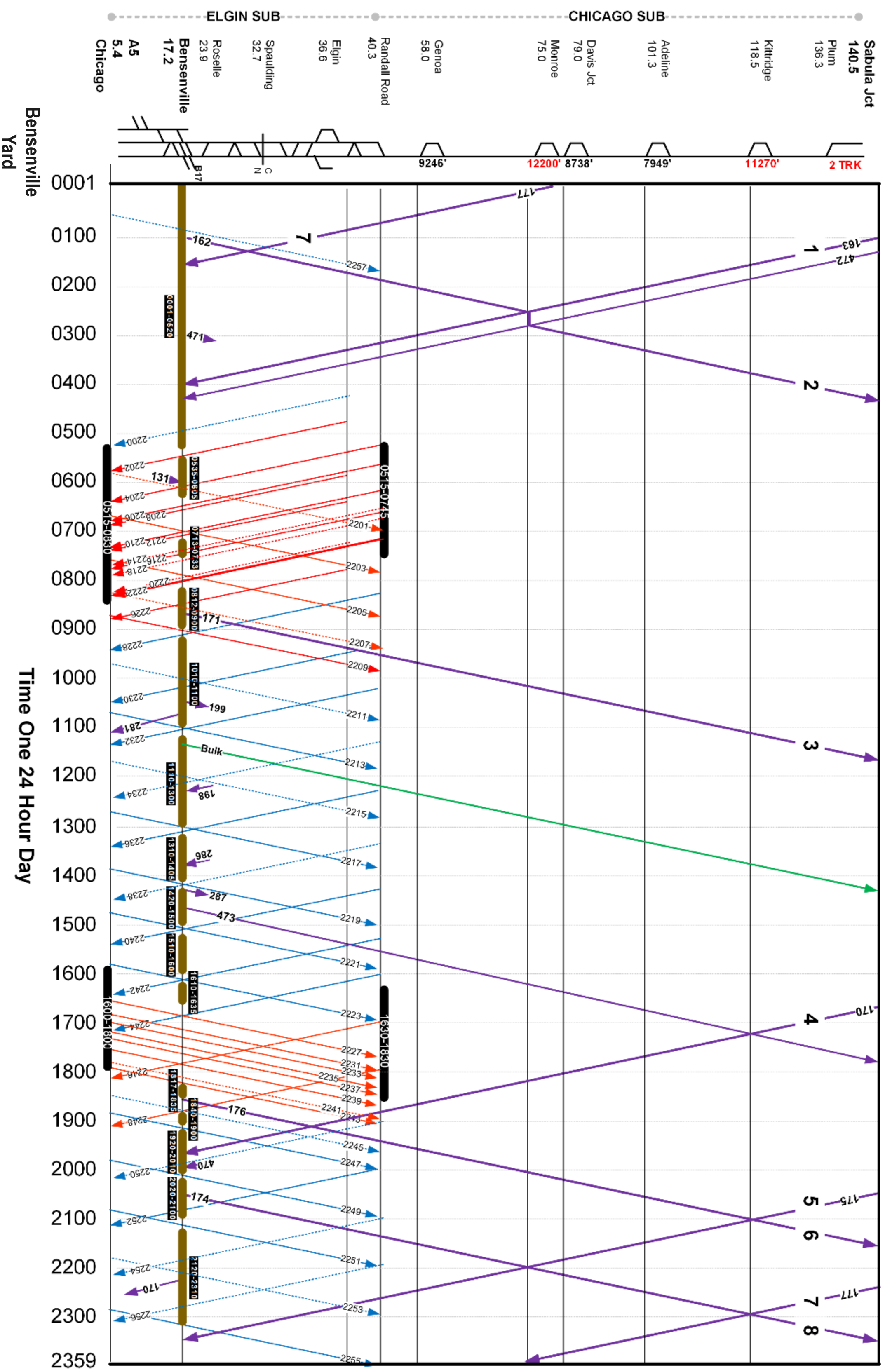
The Operating Plan Will Avoid Impacts by Design

MAXIMUM Slots available vs. CURRENT Plus transaction related increase in trains



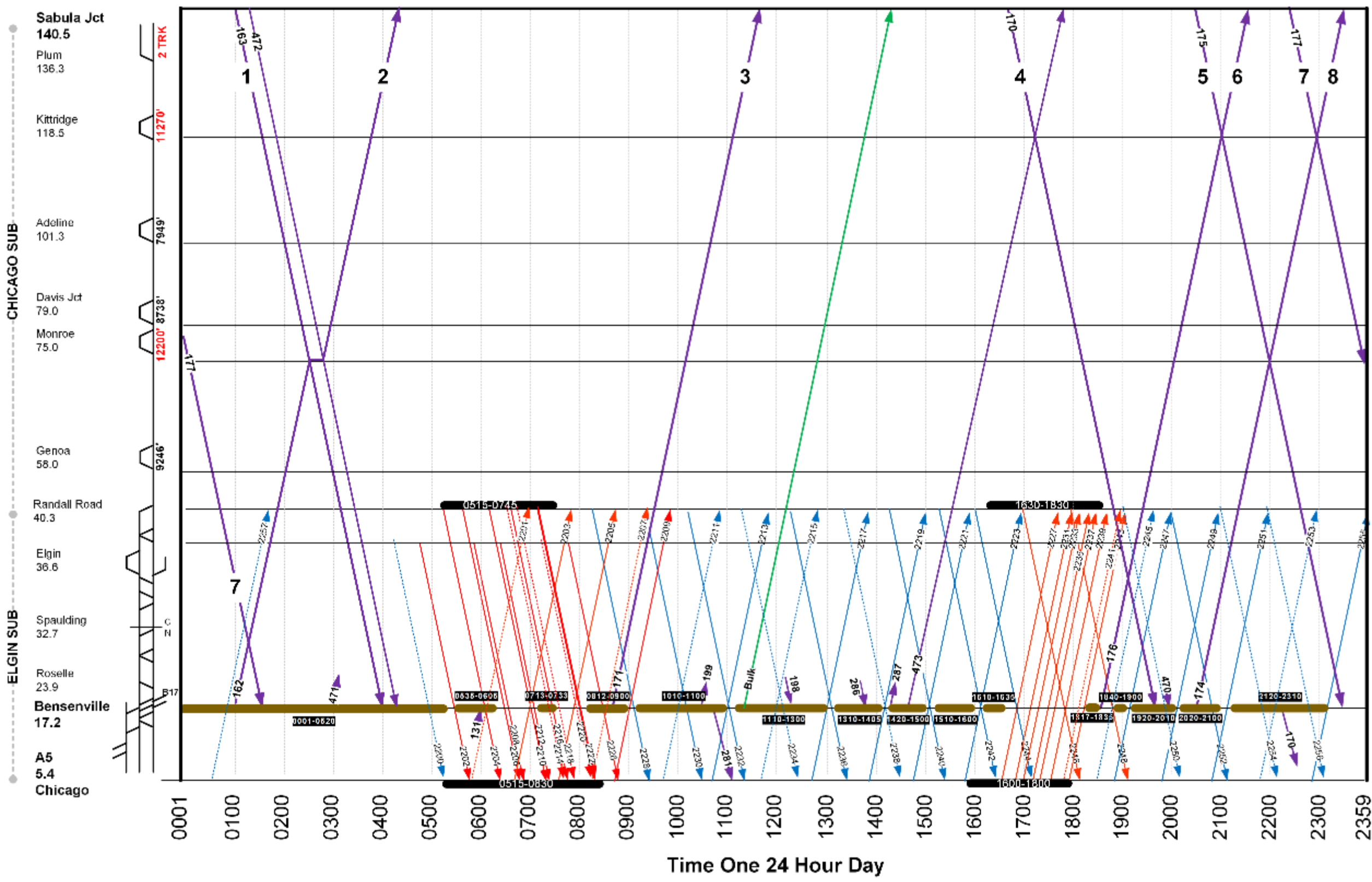
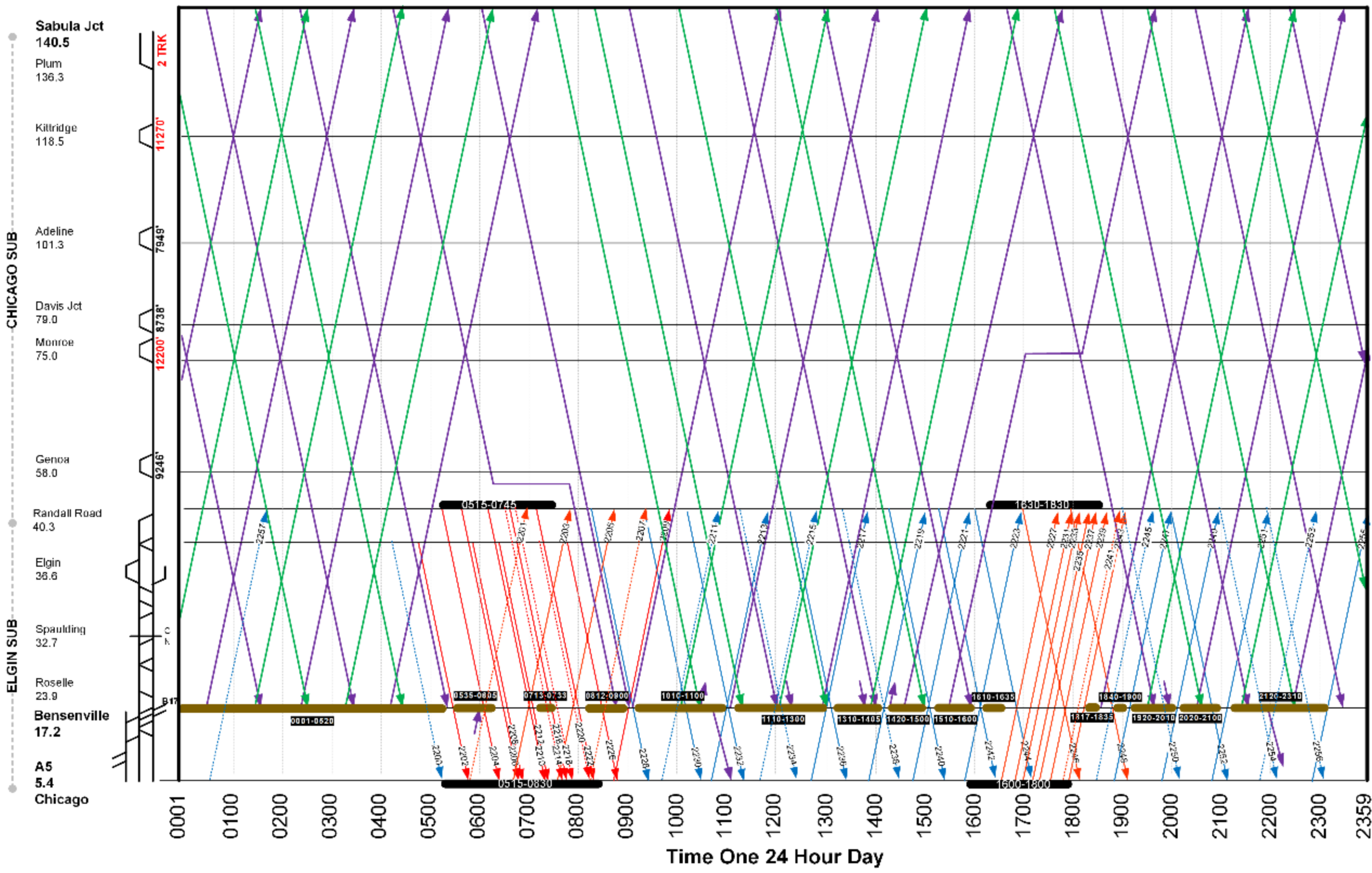
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The Operating Plan Will Avoid Impacts by Design

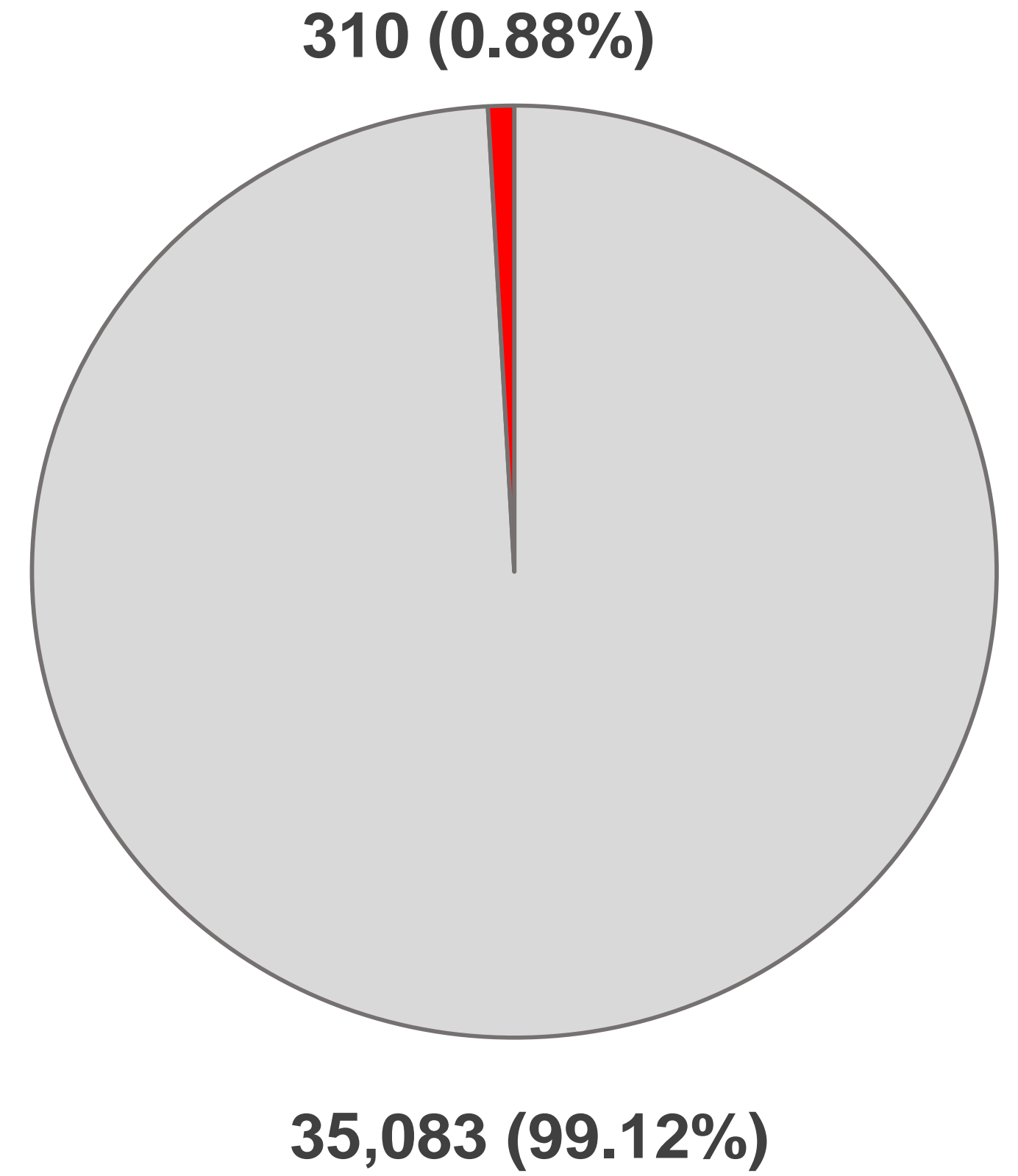
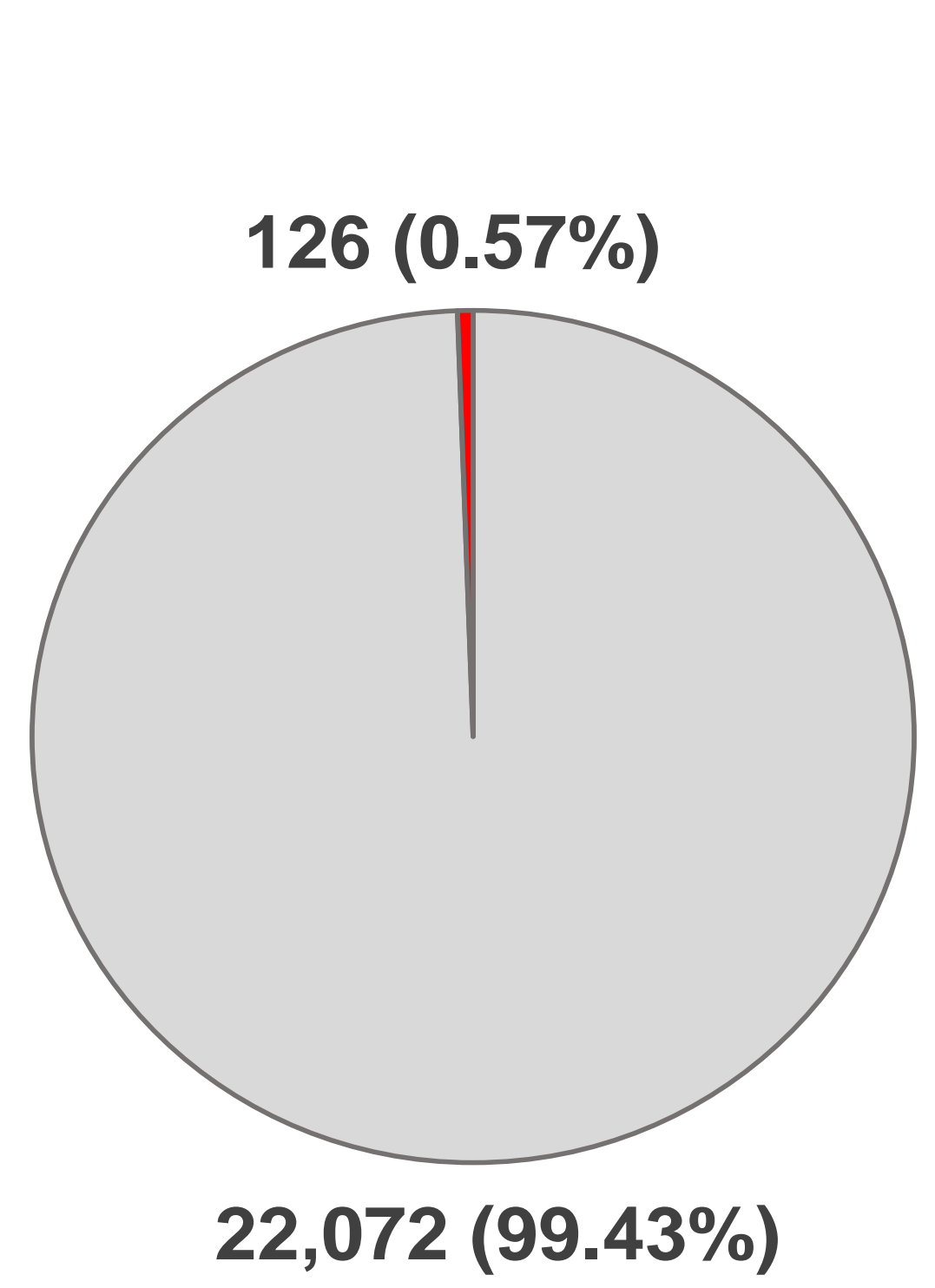
MAXIMUM Slots available vs. CURRENT Plus transaction related increase in trains



Execution Will Continue to Drive Outcomes for All

- Dispatchers, coordinating 24/7 with a broad network view
- Dispatching must consider the broader network to make Metra successful
- Our execution has been excellent
- We hold ourselves accountable to maintain that level of performance

MD-W Trains - Peak and Off-Peak 2018-2021



■ Peak Trains not Delayed
■ Peak Trains Delayed by Direct FTI

■ Off-Peak Trains not Delayed
■ Off-Peak Trains Delayed by Direct FTI

- ✓ **Combining CP and KCS will deliver significant operating efficiencies.**
- ✓ **The Operating Plan is built to run CPKC in the real world.**
- ✓ **Network capacity will be ample.**
- ✓ **CPKC will work collaboratively with other users of shared trackage under governing agreements.**
- ✓ **Maintaining CP dispatching of lines shared with Metra is essential to the benefit of all users.**

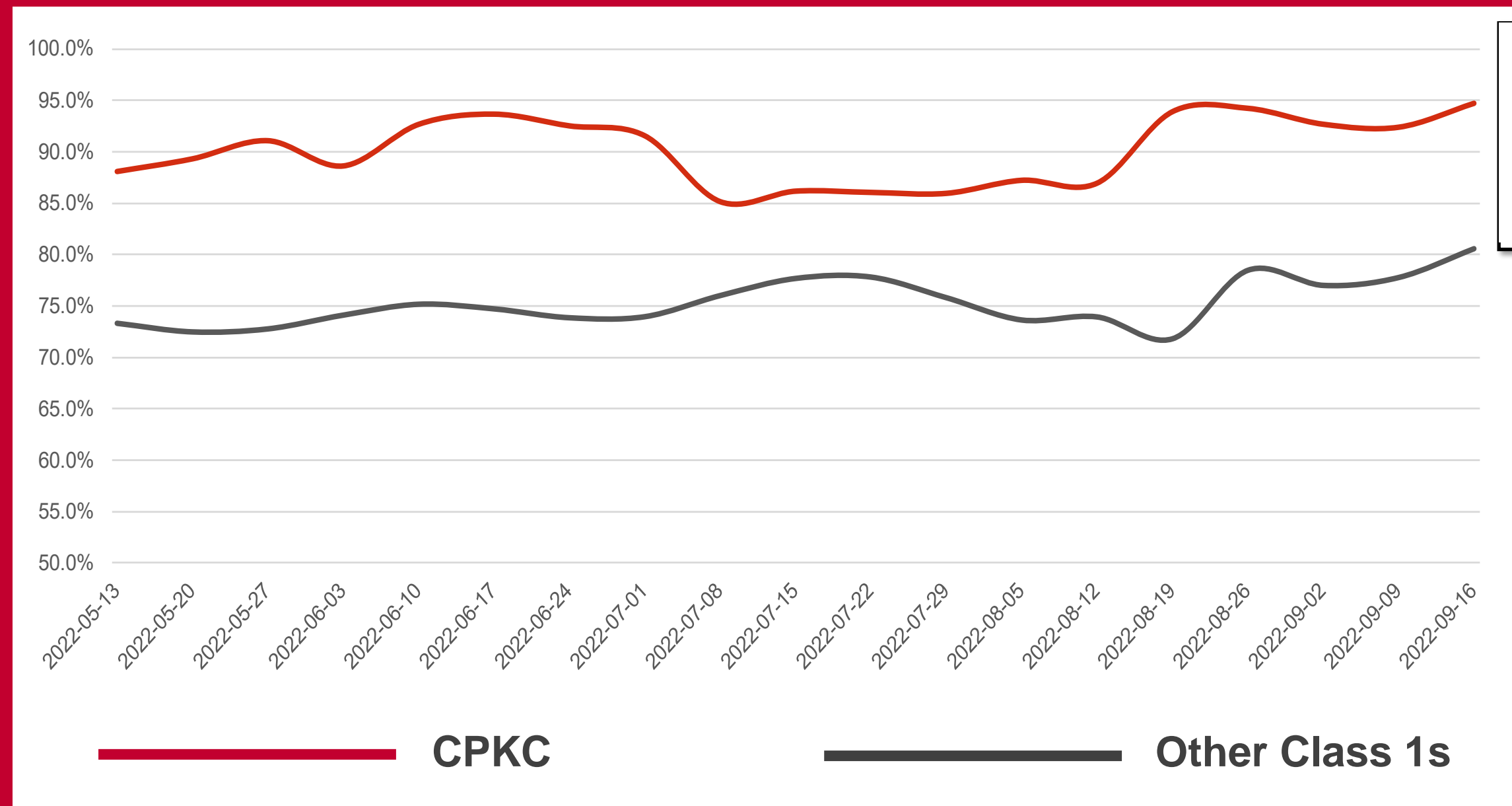
James Clements

Senior Vice-President, Strategic Planning and Technology Transformation

Canadian Pacific

CP and KCS Are Ready to Hit the Ground Running

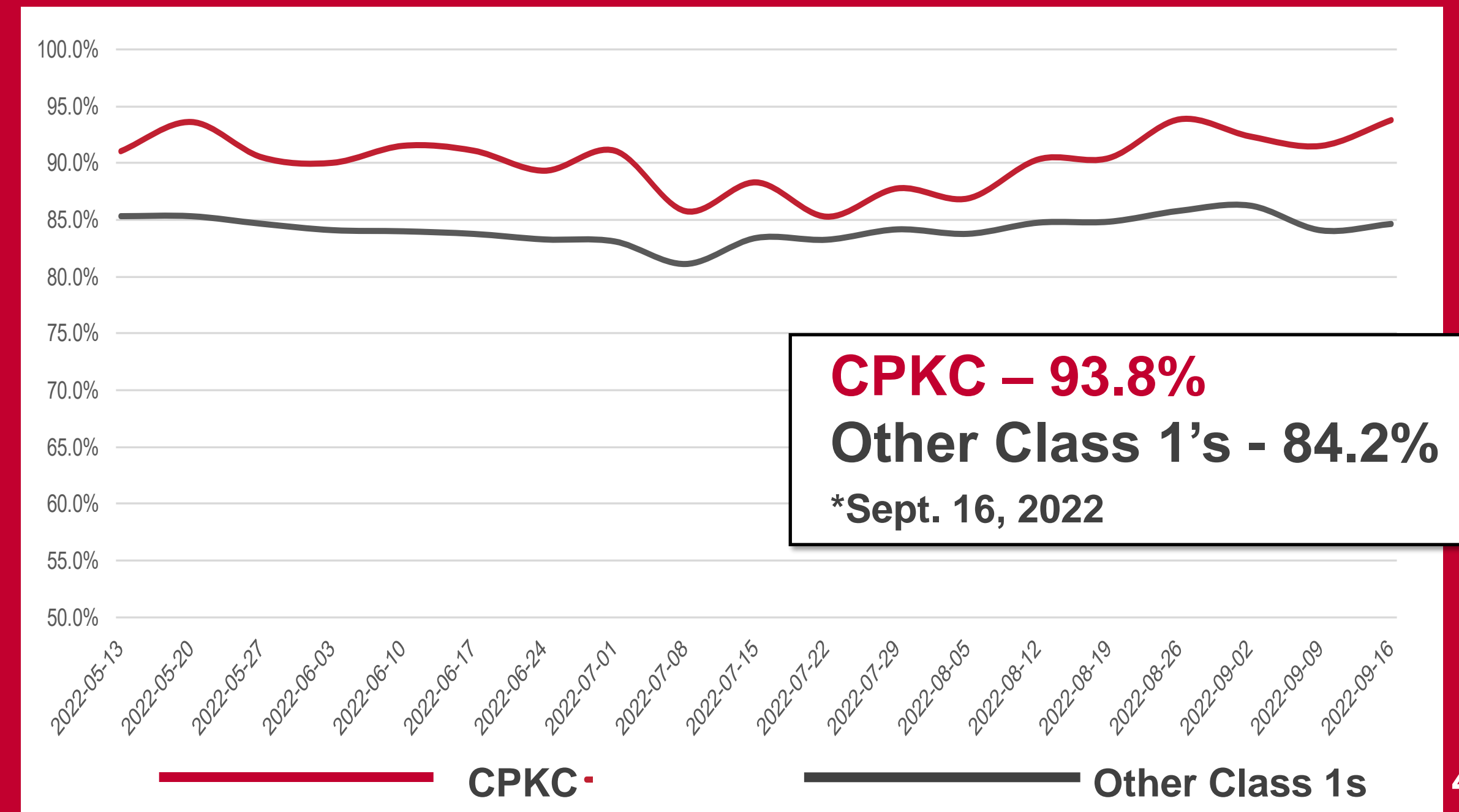
Average On-Time Performance



CPKC - 94.7%
Other Class 1's - 80.6%
 *Sept. 16, 2022

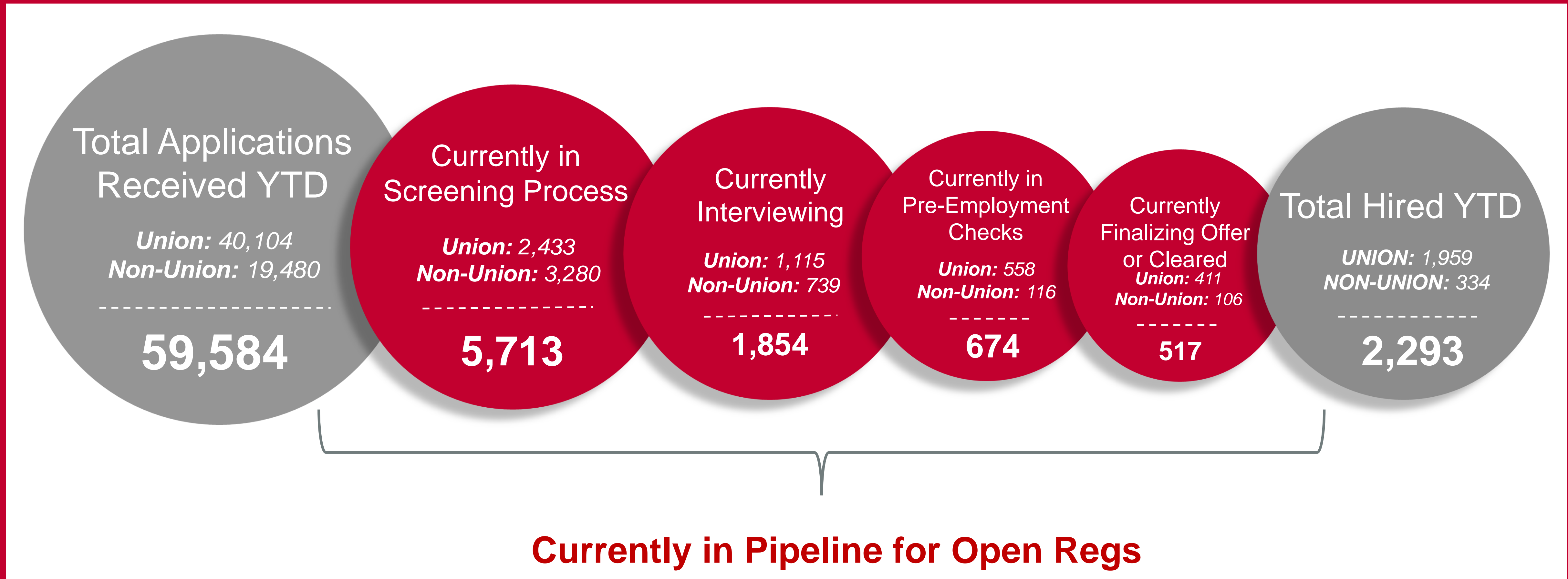
(Source: Consolidated EP 770 Operating/Service Metrics – Sept. 16, 2022)

Industry Spot and Pull

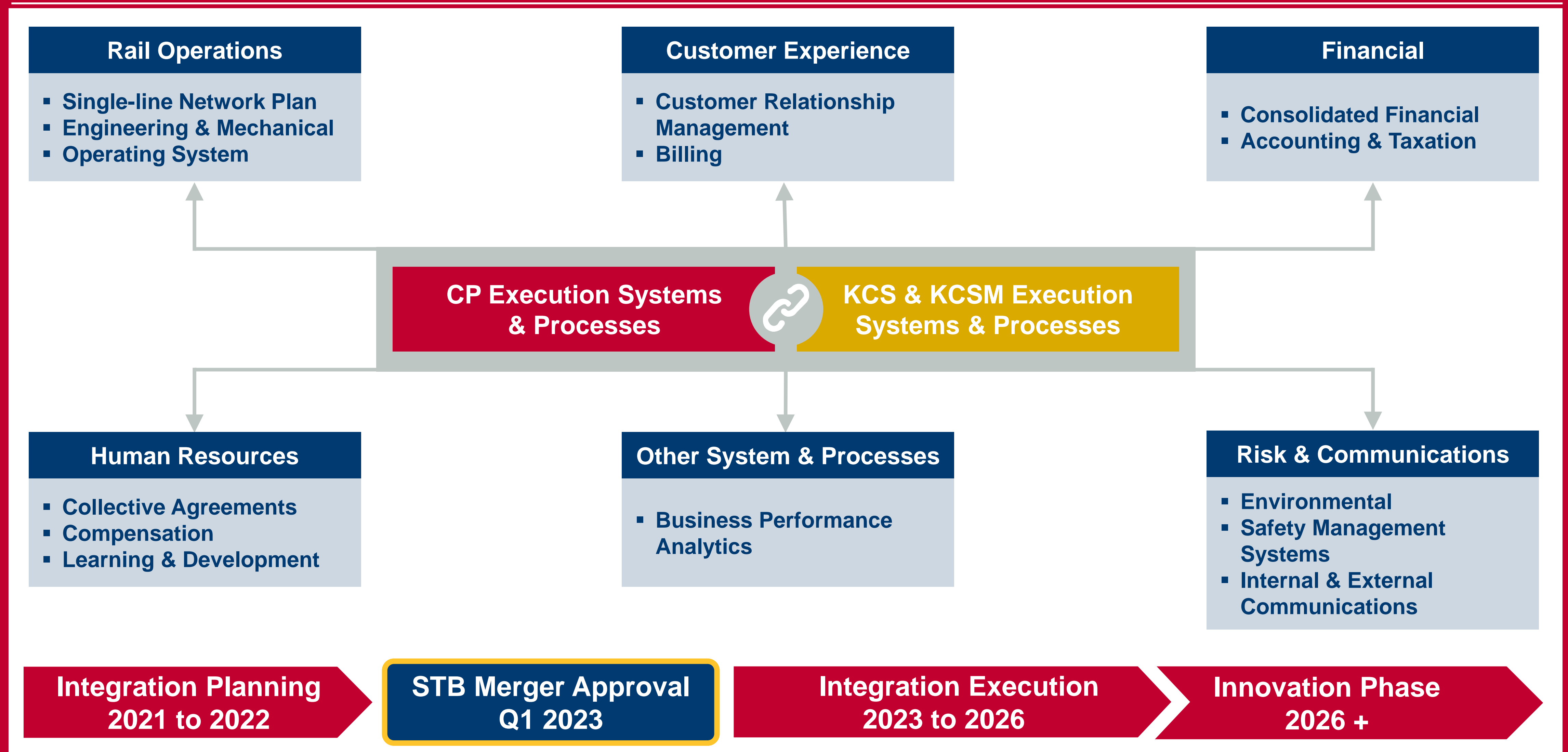


CPKC - 93.8%
Other Class 1's - 84.2%
 *Sept. 16, 2022

CP and KCS Are Well-Resourced



Systems Integration to Support Business Operations



W. Robert Majure, PhD

Vice President, **Cornerstone Research**

Retired Director of Economics,

DOJ Antitrust Division

The CP/KCS Combination Is Good for Competition



Traffic through the Laredo, Eagle Pass, and Brownsville gateways

{{{

[Highly Confidential Material Redacted]

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Source: Confidential Waybill Sample, 2006, Combined CP-KCS-UP-BNSF Traffic Tapes, 2019; CP Intermodal Containers to Railcar Conversion Factor.xls

The Full Picture of Traffic Across Mexican Gateways Shows Expansion and Not Foreclosure Since the 2005 KCS/Tex Mex/TFM Combination

In an internal planning document, BNSF {{ }}

{{

[Highly Confidential Material Redacted]

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Source: {{ }} BNSF0000166.pdf

**Competitive Choices
Are Not Foreclosure**

UP, BNSF, KCS, and CP interline rates do not align with mileage prorates

{{

[Highly Confidential Material Redacted]

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Source: Combined CP-KCS-KCSM-UP-BNSF-CN-NS-CSXT Traffic Tapes, 2019; CP Intermodal Containers to Railcar Conversion Factor.xls; Traffic within the U.S. and between the U.S. and Canada

The Presumption of the “Remedies” Is Inconsistent with Efficient Interline Outcomes that Routinely Occur

Hypothetical Interline:

- Through Rate = \$900
- UP/BNSF Division = \$500
- KCSM Division = \$400

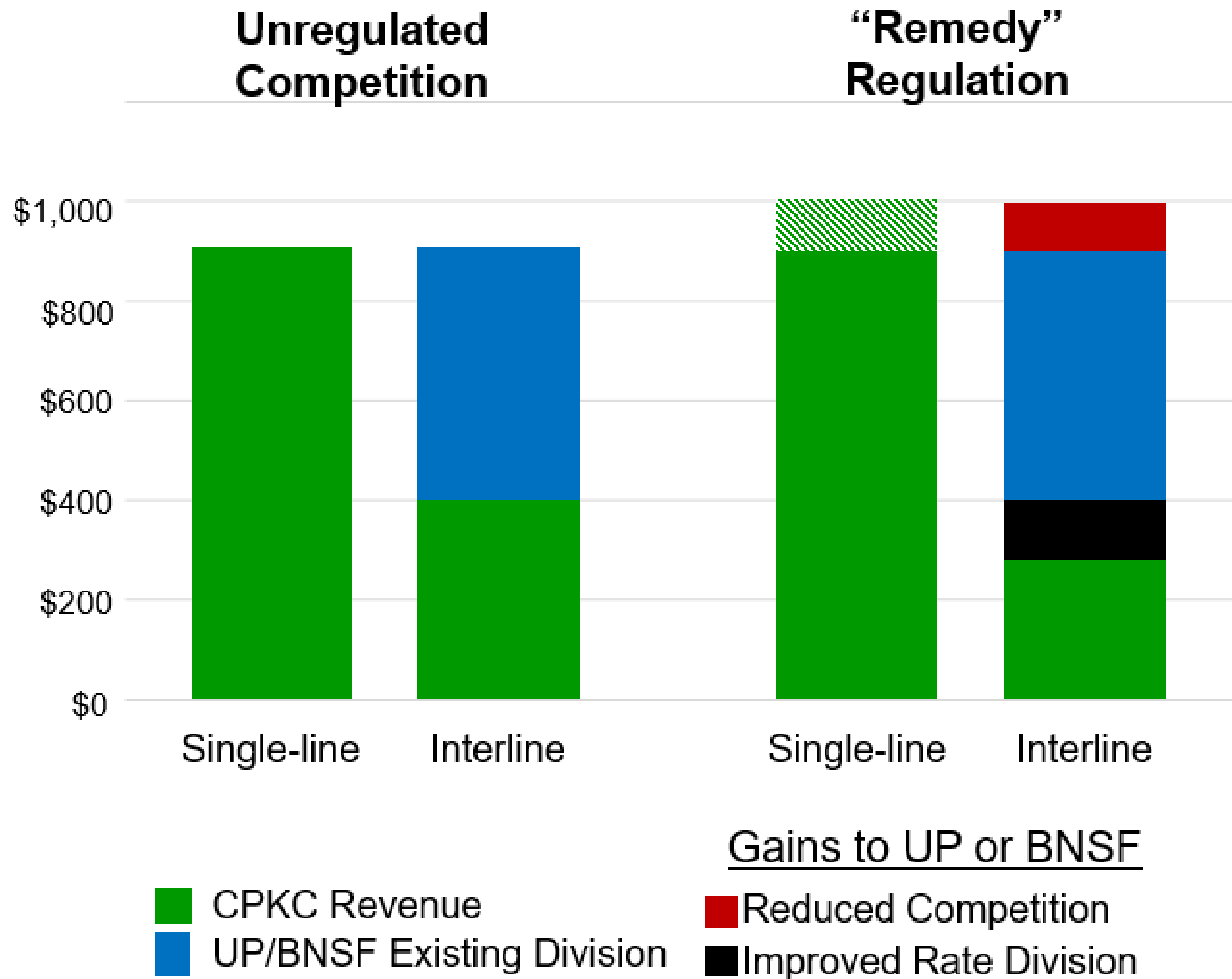
Single-Line Rate	No Regulation		“Remedy” Regulation	
	Interline Division	Revenue Impact	Regulated Division	Revenue Impact
\$700	\$400	-\$200	\$210	-\$390
\$900	\$400	\$0	\$270	-\$130
\$1000			\$300	\$0

Proposed “Remedies” Would Effectively Tax CPKC’s Ability to Compete

“Remedies” bind the single-line rate to the division:

- Tax any discount offered to shippers
- Create upward pressure on prices

Effects of “remedies” on this hypothetical movement



**Proposed “Remedies”
Would Harm Shippers
to Help UP and BNSF**

The proposed “remedies” would create an incentive to raise prices for a large volume of existing eligible traffic (shown in red below)

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[Highly Confidential Material Redacted]

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**The “Remedies” Tax
Would Affect
Hundreds of Millions
of Dollars Generated
on KCS Single-line
and Longer-haul
Routes**

The CP/KCS Combination Is Good for Competition



- CP
- CP HAULAGE/TRACKAGE RIGHTS
- KCS
- KCS HAULAGE/TRACKAGE RIGHTS
- 📍 PORT
- 🚧 BORDER CROSSING

