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Canadian Pacific Expresses Extreme Disappointment with Canadian Government Legislation

*Proposed interswitching rules could have serious damaging consequences to Canada’s competitiveness and the Canadian economy*

Calgary, AB - Canadian Pacific (TSX: CP) (NYSE: CP) today expressed its extreme disappointment with the legislation tabled yesterday afternoon in Ottawa by the Government of Canada.

“CP believes that the government has unfortunately chosen to introduce legislation which will do nothing to increase supply chain capacity in the grain handling system, will not move more grain to markets more quickly, and has the potential to cause great damage to the Canadian rail transportation system that is unquestionably the best in the world,” said CP Chief Executive Officer E. Hunter Harrison. “Targeting the railways when our dedicated men and women are working 24/7 to recover from some of the harshest winter operating conditions ever seen, is not only ineffective but grossly unfair.”

CP also believes that the expansion of regulated interswitching could seriously impact Canada’s competitiveness as it effectively transfers traffic that normally would move over Canadian railways and ports, to U.S. railroads and ports, potentially resulting in job losses, reduced investment and the dampening of the Canadian economy. Interswitching will also lead to double handling of grain shipments which will slow down the grain supply chain negatively impacting transit times.

The supply chain challenges with moving this exceptional crop need to be recognized. At close to 80 million metric tonnes (MMT), this crop is 27% above the previous 2008/2009 record and 37% above the 5-year average. While the production increase is dramatic, the scope of the supply chain challenge has been exacerbated by the fact that the increase is almost entirely for export, meaning there is more than 20 MMT additional volume to be moved over and above the 33 to 34 MMT exported in a typical year. This record grain crop is far beyond the overall grain supply chain’s capacity in a single year and as a result will be moved over the remainder of this year and into next.

“Canada’s grain handling system is just not built to handle this record amount of grain,” said Harrison. “While it is easy to blame the railways for ‘dropping the ball’, it ignores the facts.”

Rail is only one element of the supply chain and this year’s challenges relate to all elements including farm storage, country elevator capacity, rail capacity, terminal capacity, overall port capacity and winter weather related challenges within the North American rail network.

To date, even with some of the harshest operating conditions we have ever seen, CP continues to move record amounts of grain. Obviously, this performance is dependent on
all of the players in the supply chain performing in a way that maximizes all available capacity including full 24/7 operations, something CP is still not seeing in the supply chain on a consistent basis.

“We are very concerned about the speed and lack of consultation by the government in making such significant changes to the rail transportation system that could result in unintended consequences for all stakeholders,” added Harrison. “We need to move away from reactionary legislative interventions that target unfairly one participant and potentially damage the Canadian economy. Instead we should all focus on commercial solutions to maximize overall capacity in the grain supply chain. This is especially important if these larger crops become the new normal as has been suggested. If this is true, a system grounded in commercial principles, not regulation, is required to address the capacity constraints and the significant investments required, including replacing Canada’s aging grain hopper fleet.”

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Note on forward-looking information

This news release contains certain forward-looking information within the meaning of applicable securities laws relating, but not limited to, the entering into of the Plan, purchases of common shares for cancellation under CP’s share repurchase program and future sources of capital. This forward-looking information also includes, but is not limited to, statements concerning expectations, beliefs, plans, goals, objectives, assumptions and statements about possible future events, conditions, and results of operations or performance. Forward-looking information may contain statements with words or headings such as “financial expectations”, “key assumptions”, “anticipate”, “believe”, “expect”, “plan”, “will”, “outlook”, “should” or similar words suggesting future outcomes.

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These and other factors are detailed from time to time in reports filed by CP with securities regulators in Canada and the United States. Reference should be made to “Management’s
Discussion and Analysis” in CP’s annual and interim reports, Annual Information Form and Form 40-F. Readers are cautioned not to place undue reliance on forward-looking information. Forward-looking information is based on current expectations, estimates and projections and it is possible that predictions, forecasts, projections, and other forms of forward-looking information will not be achieved by CP. Except as required by law, CP undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise.

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Canadian Pacific (TSX:CP)(NYSE:CP) is a transcontinental railway in Canada and the United States with direct links to eight major ports, including Vancouver and Montreal, providing North American customers a competitive rail service with access to key markets in every corner of the globe. CP is a low-cost provider that is growing with its customers, offering a suite of freight transportation services, logistics solutions and supply chain expertise. Visit www.cpr.ca to see the rail advantages of Canadian Pacific.

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