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Finance Docket No. 36500 – Reply to Objections to KCS Waiver

April 23, 2021

302142

Attention: Surface Transportation Board ("STB")

RE: STB Finance Docket No. 36500
CP-KCS and CN-KCS Potential Combinations

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Office of Proceedings
April 23, 2021
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Public Record

Dear STB:

I am President and Chief Executive Officer of Ceres Global Ag Corp. and its subsidiaries (collectively "Ceres" or the "Company"). In my role, I am responsible for setting Ceres' corporate vision and running the Company. I am submitting this letter to address Ceres' concerns regarding the Canadian National Railway Company's ("CN") efforts to combine with the Kansas City Southern railroad ("KCS").

Ceres previously submitted letters to the STB dated March 29, 2021 and April 12, 2021 expressing support for the STB's approval of the earlier proposed Canadian Pacific ("CP")-KCS combination. As expressed in those letters, Ceres supports a CP-KCS combination because it would provide shippers with increased shipping alternatives and greater market efficiencies. While a CN-KCS combination might provide certain shippers in certain regions with increased market access, Ceres does not believe that such a combination would result in the scale of increased competition and increased efficiencies that a CP-KCS combination would provide. Accordingly, Ceres hopes the STB will evaluate these market competition and efficiency concerns as it reviews the proposed CN-KCS combination. Specifically, Ceres requests that the STB consider the following points in its review:

- The proposed CN-KCS combination provides no benefit to the many shippers such as Ceres who source high volumes of grain and other products from farmers in the US northern plains region. While CN has no presence in this region, CP, in contrast, does have a presence in the US northern plains region. Therefore, the rail options available to shippers in this area, which today are very limited, would be significantly expanded by a CP-KCS combination. For example:
 - A CP-KCS combination will enhance competition by providing broadened shipping options to farmers from the US northern plains region to key destinations such as St. Louis and the U.S. Gulf. Conversely, since CN does not have rail lines in the US northern plains that can connect with KCS's rail lines, that region would continue to be limited to only one US railroad for access to those destinations despite a CN-KCS combination.
 - A CP-KCS combination provides enhanced access to the Mexican market for farmer's grain and other goods originating from both the US northern plains and Canada whereas a CN-KCS combination would provide increased access only to Mexico from Canada. However, Canada already has access to Mexican markets through revenue-capped rates to Canadian ports and into Mexico by vessel. Therefore, a CN-KCS combination would not

provide new or enhanced market access for Canadian shippers (and none for most US shippers), and CN would have little incentive to serve the Mexico market any differently than it does so today.

In summary, Ceres is concerned that a CN-KCS combination would represent a permanent lost opportunity to create critically needed new routes and competition for shipping farmer products originated from the important US northern plains region. We respectfully request that the STB carefully consider the issues raised in this letter as it reviews the proposed CN-KCS combination.

Respectfully,

DocuSigned by:

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Robert Day
President and Chief Executive Officer
Ceres Global Ag Corp.

CC: All Parties of Record

About Ceres Global Ag Corp.

Ceres and its subsidiaries ("Ceres Global") add value across agricultural, energy and industrial supply chains through efficient sourcing, storing, transporting and marketing of high-quality agricultural commodities, value-added products and raw materials. Leveraging its network of commodity logistics centers and team of industry experts, Ceres Global connects farmers to customers around the world.

Ceres Global is headquartered in Minneapolis, Minnesota, operates 13 locations across Saskatchewan, Manitoba, Ontario, and Minnesota. These facilities have an aggregate grain and oilseed storage capacity of approximately 32 million bushels.

Ceres Global has a 50% interest in Savage Riverport, LLC (a joint venture with Consolidated Grain and Barge Co.), a 50% interest in Farmers Grain, LLC (a joint venture with Farmer's Cooperative Grain and Seed Association), a 50% in Gateway Energy Terminal (an unincorporated joint venture with Steel Reef Infrastructure Corp.), a 25% interest in Stewart Southern Railway Inc. (a short-line railway located in southeast Saskatchewan with a range of 130 kilometers), and a 17% interest in Canterra Seed Holdings Ltd. (a Canada-based seed development company).

For more information about Ceres Global, please visit www.ceresglobalagcorp.com