



Comments at STB Public Hearing on Proposed CP-KCS Merger

September 29, 2022

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Overview of CN's Position



A Broad Public Interest Standard Governs the STB's Review

The Statutory Public Interest Standard:

The Board shall approve and authorize a transaction under this section when it finds the transaction is consistent with the public interest. The Board may impose conditions governing the transaction, including the divestiture of parallel tracks or requiring the granting of trackage rights and access to other facilities.

49 U.S.C. § 11324(c)

**CP's request for an
“unconditioned
merger” is not in
the public interest.**

CP-KCS: Parallel Lines That Require a Competition-Preserving Condition

CP and KCS have parallel lines.

- Congress gave STB the express authority to divest parallel lines.
- Divestiture under the conditions CN proposed is in the public interest.





What We Will Be Talking About Today:

1

Service Assurance Plan: Required to Avoid Risks to the Interconnected Network

2

Springfield Line: Preserving Competition and Overwhelmingly in the Public Interest

3

Concrete Gateway Commitment with a Clear Enforcement Mechanism: Needed to Prevent Competitive Harm

Service Assurance Plan

Required to Avoid Risks to the
Interconnected Network



Lessons from Past Class 1 Mergers: UP-SP in 1996

Risk of service problems for the entire U.S. rail network

Houston in Crisis: UP-SP Merger

- On July 3, 1996, the STB approved the merger of Union Pacific and Southern Pacific.
- The two railroads claimed they would unlock tremendous opportunities, but instead through poor planning, they collapsed the western U.S. freight network – with **Houston at the center of the national service crisis**.
- **Customers were dramatically impacted.** There were multiple examples of missing freight and other service issues.
- In 1998, STB was forced to step in to save the U.S. freight network, issuing an **emergency service order** that directed the movement of traffic and extensively changed rail operations.
- It took **nine months before the service situation improved**.

FORTUNE

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March 30, 1998

The Wreck of the Union Pacific

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(October 2, 1997)

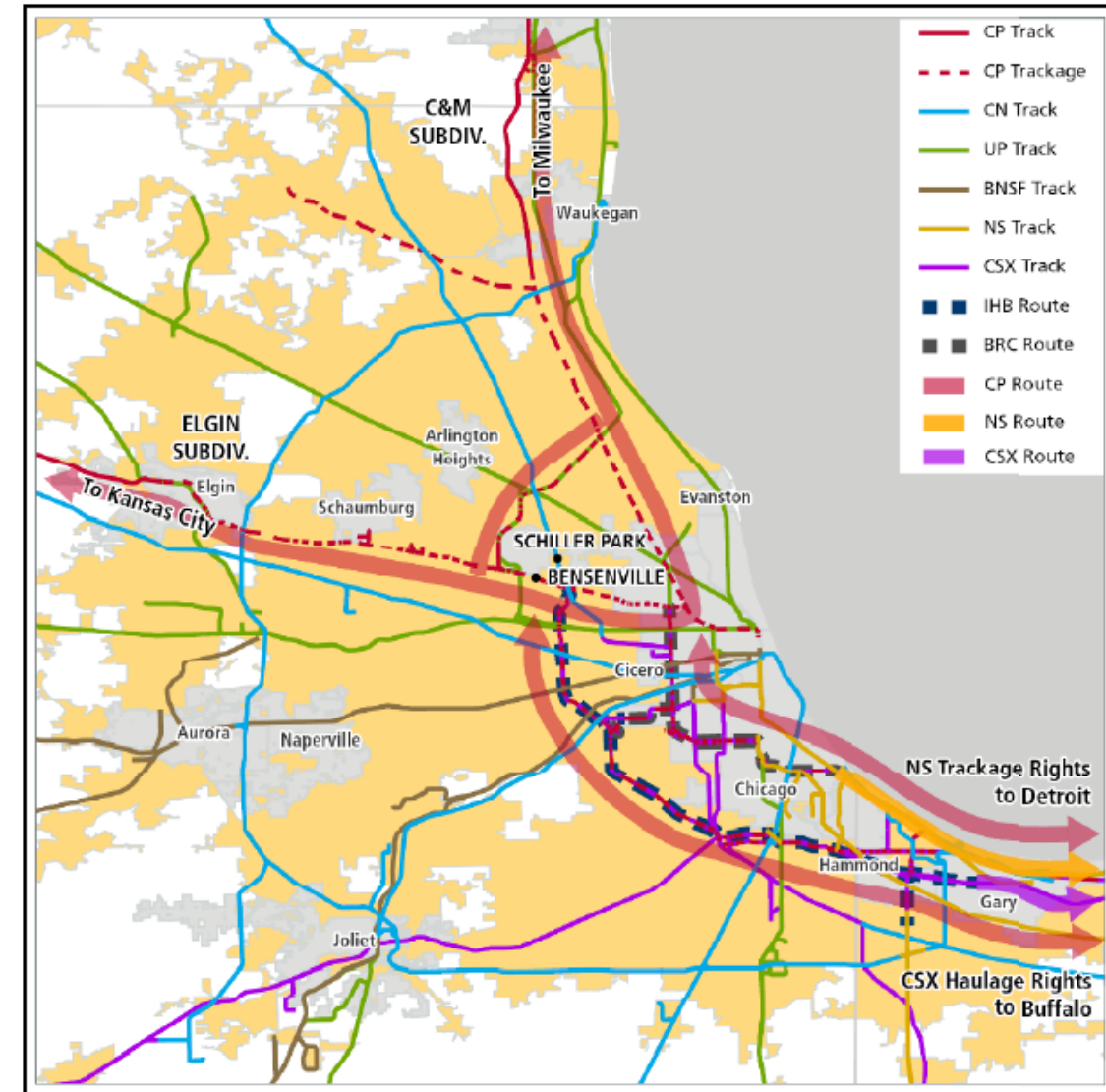
Wrong Track: A Big Railroad Merger Goes Terribly Awry in a Very Short Time – Union Pacific is Hammered Over Service and Safety; Have Patience, It Says – Have You Seen Our Rice?

Could Chicago Become the Next Houston?

- Additional traffic, poor planning, insufficient infrastructure, and the lack of a service assurance plan all compound the risk that Chicago, and with it the whole network, will suffer. The lack of reliable data from CP and KCS adds to concerns.

Source: CP-47/KCS-34 at 92 (May 13, 2022).

FIGURE 9
CP'S CLASS 1 RAIL NETWORKS IN CHICAGO



Since UP-SP, Mergers Typically Contain Service Commitments

- **Conrail:** NITL Settlement Agreement¹
- **CN-IC:** NITL Settlement Guaranteeing Service Levels for 10 Years for Some Shippers²
- **KCS-Tex Mex:** NITL Settlement Agreement on Service Levels³
- **CN-Wisconsin Central:** Voluntary Service Assurance Plan⁴

Sources:

1. See *CSX Corp. – Control – Conrail Inc.*, 3 S.T.B. 196, 251-57 (1998).

2. See *Can. Nat'l – Control – Ill. Cent.*, 4 S.T.B. 122, 152-53 (1999).

3. See *Kan. City S. – Control – KCS Rwy.*, 7

S.T.B. 933, 950-51 (2004).

(2001).

4. See *Can. Nat'l Rwy. – Control – Wis. Central Transp. Corp.*, 5 S.T.B. 890, 897

The Board Should Require CP and KCS to Produce a Service Assurance Plan for Public Comment

1

CP-KCS plan significant and immediate operating expense cuts in year 1.

2

No reliable operating plan or supporting density data.

3

CP-KCS's unfulfilled promise to provide "all the information [STB] needs to satisfy itself" that CP and KCS have carefully planned for integration and "safeguarded" service levels.

CP and KCS Plan to Increase Volumes But Not Resources

CP-KCS Network Statistics – Merger: Base Year vs. Year 3

	Base Year (2019)	Year 3 (excluding organic growth)	Change (excluding organic growth)	Percent Change
GTMs (in billions) ¹	385.6	461.9	76.3	+19.8%
CP-KCS Total Employees	20,174 ²	21,205	+1,031 ³	+ 5%
Locomotives ⁴	1,615	1,629	+14	+ 1%
Revenue Cars ⁵	59,405	56,555	-2,850	- 5 %

Sources:

1. CN-13, Randall V.S. at Sec. 4 n.59 (Feb. 28, 2022); CP-25/KCS-13, Application Vol. II (Ex. 13) at 287 (Oct. 29, 2021).
2. Ass'n of Amer. R.Rs., Railroad Fact Book 2020 (CP=13,103, KCS=3,034, KCSM = 4,037 employees).
3. CP-47/KCS-34, Amended Op. Plan at 101 (May 13, 2022).
4. CN-13, Randall V.S. at Sec. 3.2.4 n.53 (Feb. 28, 2022); Randall Second V.S., Ex. 2-1 at 4 (June 9, 2022); CP-47/KCS-34, Amended Op. Plan at 103, 105 (May 13, 2022).
5. CN-13, Randall V.S. at Sec. 3.2.3 (Feb. 28, 2022) (citing 2,002-car reduction, increased to 2,850 in CP-KCS's Amended Operating Plan); CP-47/KCS-34, Amended Op. Plan at 105-06 (May 13, 2022).

CP and KCS Plan to Reduce Capex as a Percent of Revenue

CP-KCS Capital Expenditure Plan

	Base Year (2019)	Year 1	Year 2	Year 3
Total CapEx ¹	\$1.894	\$1.910	\$1.914	\$1.906
Total Revenues ²	\$8.865	\$9.283	\$9.592	\$9.887
Capex/Revenues	21.36%	20.58%	19.95%	19.28%

Sources:

1. CN-13, Randall V.S. at Sec. 3.1 n.16 (Feb. 28, 2022); CP-25/KCS-13, Application Vol. I (Ex. 18) at 148-52 (Oct. 29, 2021).
2. CN-13, Randall V.S. at Sec. 3.1 n.16 (Feb. 28, 2022); CP-25/KCS-13, Application Vol. II (Ex. 17) at 136-140 (Oct. 29, 2021).

CP and KCS Plan Unprecedentedly Low Operating Expenses

**CP and KCS Average
Operating Ratio**
(2015-2019)

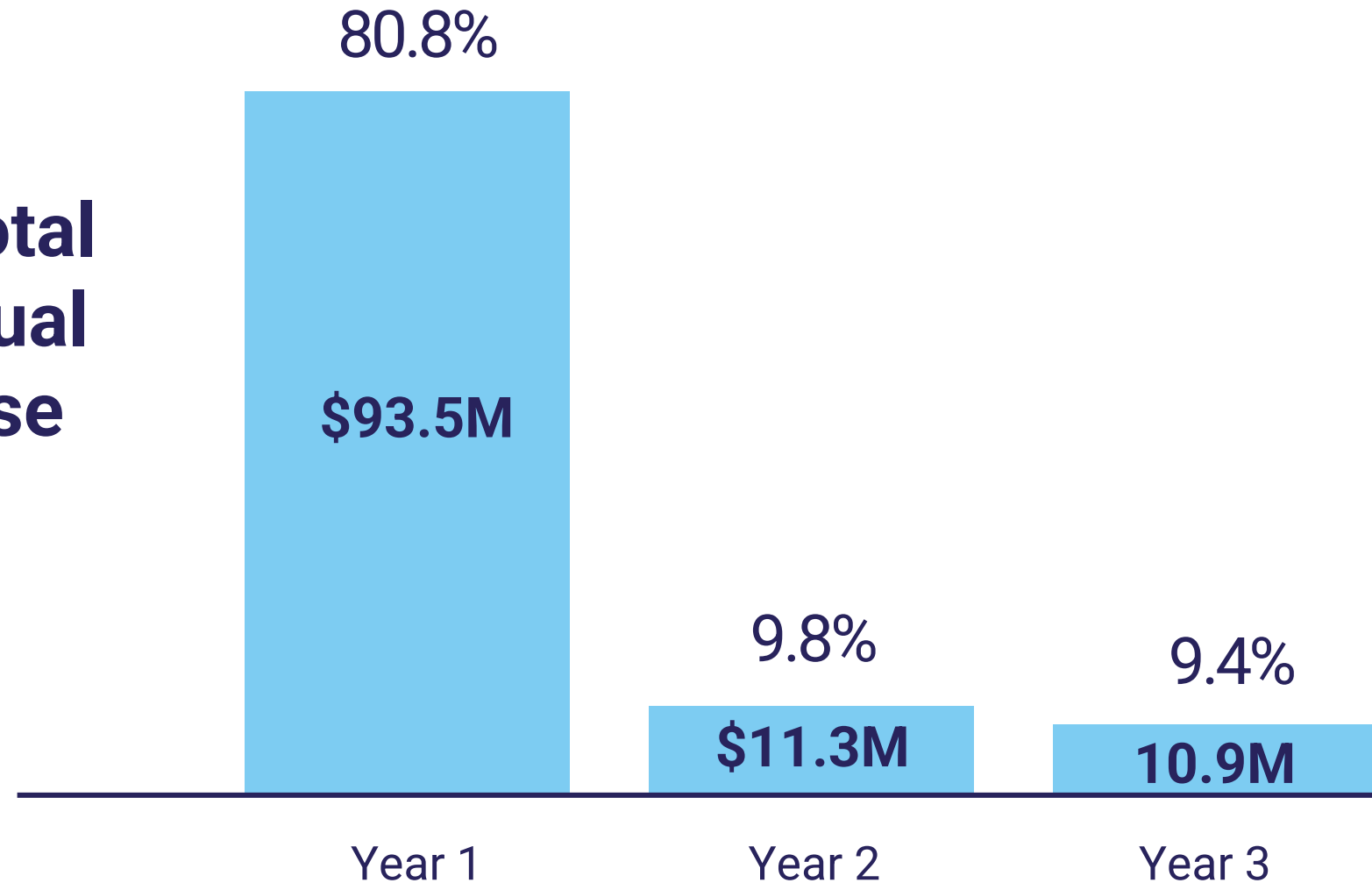
65.00%

**Projected Year 3 CPKC
Operating Ratio**

57.50%

CP and KCS Plan to Make Most Operating Changes Immediately

Percentage of Total Incremental Annual Operating Expense Reductions



Source: CN-13, Randall V.S. at Sec. 4 n.63 (Feb. 28, 2022) (Oliver Wyman Opex worksheet); CP-25/KCS-13 Application Vol. I (Baranowski V.S.) at 412 (Oct. 29, 2021).

CP-KCS Plan Extraordinary Margins on Merger Traffic

**Implied R/VC Ratio
on Diversion Traffic: 333%¹**

**Operating Ratio on
Merger Traffic: 30%²**

Summary of Benefits CP-KCS (\$US in Millions)³

Benefit Component	Year 1 Annual	Year 2 Annual	Year 3 Annual	Normal Year	Indexed to 2025 Normal Year*
<u>Operating Revenue Gains</u>					
Revenue Increase from Traffic Gains	\$418.0	\$726.7	\$1,021.9	\$1,021.9	\$1,150.8
Cost of Handling Added Traffic	\$(129.2)	\$(217.8)	\$(306.3)	\$(306.3)	\$(345.0)
Net Revenue Gains	\$288.9	\$508.8	\$715.6	\$715.6	\$805.8

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

Sources:

1. CN-13 at 35 n.91 (Feb. 28, 2022).

2. CN-13, Randall V.S. at Sec. 4 n.61 (Feb. 28, 2022).

3. CP-25/KCS-13, Vol. I App. B at 74 (Oct. 29, 2021).

CP-KCS's Density Modeling Is Inherently Unreliable: Springfield Line Between Kansas City, MO, and Springfield, IL

		Values Should Be Consistent		
Subdivision	Segment	A	B	C
		Actual 2019 Gross Tons per Mile Original Application Exhibit 14 ¹	Modeled 2019 Gross Tons Per Mile March 21 Exhibit 14 and OEA numbers ²	Modeled 2019 Gross Tons Per Mile May 13 Exhibit 14 and Appendix T ³
Mexico	Kansas City, MO – Slater, MO	10,376	5,833	6,166
Mexico	Slater, MO – Mexico, MO	8,809	3,714	4,281
Roodhouse	Mexico, MO – Roodhouse	6,655	3,390	4,019
Springfield	Roodhouse, MO – Murrayville, IL	3,090	25	998
Springfield	Murrayville, IL – Springfield, IL	43	25	168

(in thousands of gross ton miles)

Source: CN-17 at 16 (June 9, 2022) (citing

1: CP-25/KCS-13, Ex. 14, at 497-99 (Oct. 29, 2021);

2: Applicants' Response to OEA Information Request No. 1, Master Segment Table (filed October 28, 2021);

3: CP-47/KCS-34, Ex. 14 at 51-52 and Appendix T at 7, 11).

CP-KCS's Density Modeling Is Inherently Unreliable: Sabula, IA, to Airline Junction, MO

Changes in
tonnage
should be
consistent
for all
segments.

Segment	Post-transaction train count change	Transaction related annual tonnage change (in millions)
Sabula – Clinton	14.40	     23.13
Clinton – Water Works	14.40	    18.47
Water Work – Nahant	14.40	    18.47
Nahant – Muscatine	14.40	    18.54
Muscatine – Ottumwa	14.40	     21.68
Ottumwa – Laredo MO / IA	14.40	      25.42
Laredo MO/IA - Laredo	14.40	       31.66
Laredo - Polo	14.40	       31.42
Polo - Airline Junction	14.40	       33.83
Source: CP-KCS Amended Operating Plan, Appendix T, p. 6.		 = 5 million tons

CP-KCS's Base Year Density Modeling Is Inherently Unreliable: Houston

Segment	Actual 2019 Gross Tons Per Mile (Original October 29 Application) ¹	Modeled 2019 Gross Tons Per Mile (October 28 Response to OEA Information Request No. 1 ²)	Modeled 2019 Gross Tons Per Mile (May 13 Amended Operating Plan Appendix A) ³	Modeled 2019 Gross Tons Per Mile (May 13 Amended Operating Plan Appendix T and OEA Draft EIS) ⁴
Beaumont, TX – Rosenberg, TX	30,151	19,280	17,039	2,590

(in thousands of gross ton miles)

Source: CN Comments on Draft Environmental Impact Statement at 7 (Sept. 6, 2022) (citing data from

1. CP-25/KCS-13, Application Vol. II (Ex. 14) at 497 (Oct. 29, 2021);
2. Applicants' Response to OEA Information Request No. 1, Master Segment Table at 11 (filed October 28, 2021);
3. CP-47/KCS-34, App. A at 7 (May 2022);
4. Draft EIS, Table C.1.-1 at C-20 (adopting Amended Operating Plan Appendix T).

CP-KCS's Merger-Related Growth Density Projections Are Inherently Unreliable: Houston

Segment	October 29 Application ¹	October 28 Response to OEA Information Request No. 1 ²	May 13 Amended Operating Plan Appendix A ³	May 13 Amended Operating Plan Appendix T and OEA Draft EIS ⁴
Beaumont, TX – Rosenberg, TX	+5,855	+14,040	+14,046	+4,730

(in thousands of gross ton miles)

Source: CN Comments on Draft Environmental Impact Statement at 8 (Sept. 6, 2022) (citing data from

1. CP-25/KCS-13, Application Vol. II (Ex. 14) at 500 (Oct. 29, 2021);
2. Applicants' Response to OEA Information Request No. 1, Master Segment Table at 11 (filed October 28, 2021);
3. CP-47/KCS-34, App. A at 7;
4. Draft EIS, Table C.1.-1 at C-20 (adopting Amended Operating Plan Appendix T).

CP-KCS's Unreliable Density Results Stem from an Unreliable Process

Accepted Approach: Actual Density Data for Segments

- 1) Use actual data, making adjustments and corrections as needed with clear explanations

CP/KCS Approach: “Modeling” Segment Density

- 1) Take manifest train counts for segments from October 2020
- 2) Add unit train counts from different time periods in 2021
- 3) Apply 25% Rule to train counts to exclude local trains
- 4) Calculate annual system-wide average train weights (2020 for CP and partial 2021 for KCS)
- 5) Multiply manifest and unit train counts by system-wide average train weights and segment length to create “uncalibrated” segment data
- 6) Calculate “calibration factor” based on difference between “uncalibrated” totals and actual 2019 totals
- 7) Apply identical “calibration factor” to each segment

Multiple Parties Pushed for Service Assurance Plans

Shipper Groups Requesting a Service Assurance Plan:

- American Chemistry Council
- Corn Refiners Association
- Fertilizer Institute
- National Grain and Feed Association
- National Industrial Transportation League
- US Wheat Associates

Service Assurance Plans must include service benchmarks, arrangements to compensate shippers for service failures, and contingency plans to mitigate unanticipated service disruptions. The importance of these requirements has become even more evident after several service crises occurred after the adoption of the KCS waiver in 2001. Most notable have been the service disruptions of 2014, which impacted CP particularly hard, and service disruptions on CSX, NS, and other railroads during their implementation of the Precision Scheduled Railroading (“PSR”) operating model. Several lessons learned from those service disruptions were a need for service benchmarks; the difficulty of identifying, planning, and obtaining alternative rail service under the Board’s emergency service rules (49 C.F.R. Parts 1147 and 1147) within a meaningful time frame; and the difficulty holding the affected carriers responsible for the damages sustained by shippers. Service Assurance Plans require applicants to plan for service problems by tackling these and related issues before service disruptions occur.

Source: Joint Shipper Filing at 14-15 (Apr. 1, 2021), ACC-1/TFI-1/CRA-1/NITL-1/NGFA-1/USWA-1 (emphasis added).

Service Assurance Plan Has Key Elements Needed for the Board's Analysis

- Plan that shows “the precise steps to be taken by applicants to ensure that projected service levels would be attainable.”
- Plan that shows “with reasonable precision how operating plan efficiencies would translate into present and future benefits for the shipping public.”
- Identify in advance particular areas where problems might arise and plans for mitigation.
- Inform connecting railroads of operational changes or changes in service terms that might affect their operations.
- Definitive description of coordination with passenger agencies.
- Provide evidence that contingency plans are in place.
- Benchmarking to track pre-merger and post-merger performance on key service metrics, including key corridors, terminals, and passenger performance.

CP-KCS Promise in Response to Calls for Service Assurance Plan

Applicants' Reply to Objections to KCS Waiver from 2001 Major Merger Rules (Apr. 12, 2021)

Applicants understand the Board's keen interest in assuring that mergers of all shapes and sizes do not cause service disruptions, and Applicants are fully committed to ensuring that there will be no such disruptions when they combine CP and KCS. The Board will have all the information it needs to satisfy itself that Applicants have carefully planned for the integration of these railroads and will implement measures to monitor and adjust service levels during the integration process so that shippers' service levels are safeguarded (all under appropriate Board oversight, of course). Given the strong fundamentals of the proposed end-to-end transaction,

CP-KCS “Service Promise” Announced on Reply

Promise that They “Will Plan Thoroughly”

- Plan not produced

Will Create “SWAT Team” to Fix Problems

- No disclosure of how to proactively avoid problems

Will Produce Metrics

- Still “in the process of assessing the specific metrics”

CP-KCS's "Service Promise" Is No Substitute for a Service Assurance Plan

Service Assurance Plan Elements	CP-KCS Approach
Plan that shows "the precise steps to be taken by applicants to ensure that projected service levels would be attainable"	Not provided
Plan that shows "with reasonable precision how operating plan efficiencies would translate into present and future benefits for the shipping public"	Not provided
Identify in advance particular areas where problems might arise and plans for mitigation	Not provided
Inform connecting railroads of operational changes or changes in service terms that might affect their operations	Not provided
Definitive description of coordination with passenger agencies	Not provided
Provide evidence that contingency plans are in place	Not provided
Benchmarking to track pre-merger and post-merger performance on key service metrics, including key corridors, terminals, and passenger performance	Offer to continue existing 724 and 770 reporting with additional metrics that they "are in the process of assessing"

Springfield Line

Preserving Competition and
Overwhelmingly in the Public Interest



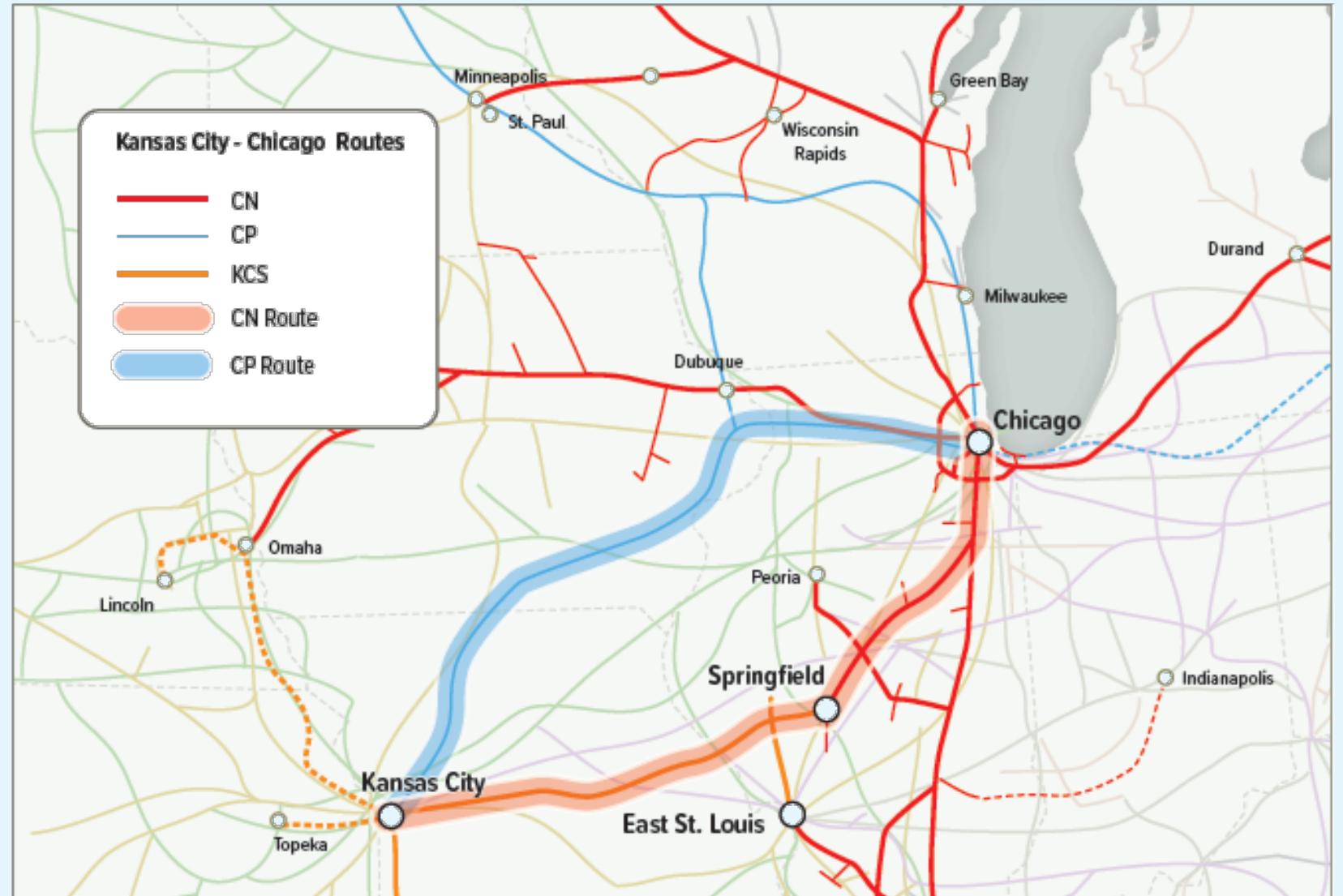
CP's CEO Admits the CP and KCS Lines Are Competitive Alternatives

CN might “poach some of the traffic opportunities that a merged CPKC would otherwise pursue in the Kansas City-Chicago lane.”

—Keith Creel, President & CEO, Canadian Pacific

Springfield Line

- Preserving freight competition and increasing opportunities for intermodal, automotive, and grain customers.



The Board has Express Statutory Authority from Congress to Order Divestiture of Parallel Lines To Serve The Public Interest

“The Board shall approve and authorize a transaction under this section when it finds the transaction is consistent with the public interest. **The Board may impose conditions governing the transaction, including the divestiture of parallel tracks** or requiring the granting of trackage rights and access to other facilities....” 49 U.S.C. 11324(c).

CP and KCS Project Little Growth on the Springfield Line

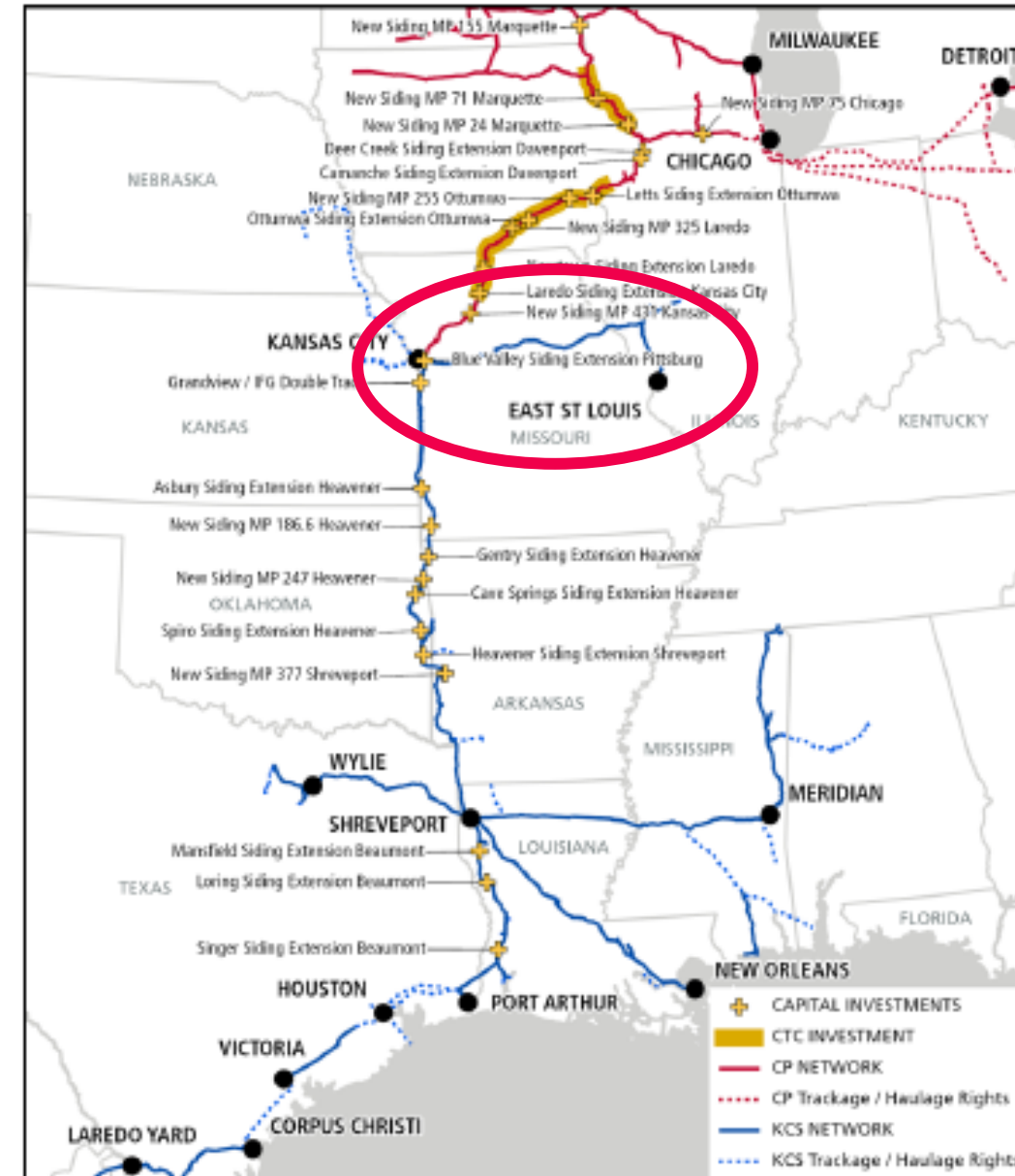
- CP's and KCS's last-ditch claims about alleged growth plans for the Springfield Line are not supported by their own application.



CP and KCS Plan No Merger-Related Investment on the Springfield Line

- No merger-related investments to support on-line grain shippers
- No merger-related investments in East St. Louis
- No merger-related investments in Springfield
- No merger-related investments to support automotive service over the Line
- No merger-related investments in intermodal service over the Line

FIGURE 11
LOCATION OF PLANNED CAPITAL INVESTMENTS



Springfield Line – Existing Rail Customers Rely on the Springfield Line

Customers interchange traffic between
KCS and other railroads listed to the left

Springfield	East St. Louis
• UP	• UP/ALS
• NS	• NS
• IMRR	• CSXT
• CN	• CN
	• TRRA
	• BNSF (via TRRA)
	• Missouri Eastern (via TRRA)

- Total Carloads:
15,887
- Total Intermodal Containers:
23,409

Source: CN-18 at 45 (June 9, 2022) (aggregated waybill data).

Springfield Line – Pro-Competitive Opportunity

CN's commitment to investing in the Springfield Line will unlock unrealized potential and mitigate competitive harm created by CP-KCS merger.

CN Committed to Increasing Options for Customers

Customers will gain access to more routes and an improved freight rail network. Under CN's ownership the Springfield Line will:

- Compete aggressively against trucks, **taking 80,000 long haul trucks off the road annually** – more than CP is taking off across the whole proposed CPKC system.
- Create a **more efficient system** for customers and **real economic opportunity for communities** along the line thanks to a **\$250 million investment** into the system.
- Create greater **opportunities for grain, intermodal, and automotive customers**.

75 Letters of Support for CN's Ownership of the Springfield Line

"In the event of a CP/KCS merger, CN's alternative would create a new competitive option: a single-line service to and from Kansas City – directly competing with the service that would be provided by CP/KCS. While the new service will be available, no options will be lost, as KCS will retain access to the divested lines via haulage agreement with CN. This new competitive option will be particularly beneficial to agricultural customers and producers across the Midwest."

-Archer Daniels Midland

Springfield Line – Commitment to Competition

Through CN's continued commitment to competition, no customers will lose any existing shipping options. Customers will gain more options.

CN's Springfield Line Proposal Increases Customer Choice

Through a proposed haulage agreement, a merged CPKC will have continued access to every current or new customer on the Springfield Line.

- CN proposed the haulage agreement so that local customers will continue to have commercial and pricing access to the merged CPKC.
- Haulage agreement enables CPKC to interchange traffic with other railroads in East St. Louis and Springfield, IL.
- For unit train traffic, the hand off between CN and a merged CPKC would be functionally identical as it currently exists for KCS customers today.

No Customers Lose Shipping Options

A merged CP-KCS will continue to have access to existing and new customers through proposed haulage agreement.

Springfield Line – No Reduction in CP-KCS Service

CN's proposed haulage agreement enables a merged CP-KCS to compete along the Line.

Under CN Ownership of the Springfield Line, Customers Will Win

- Customers will gain access to more routes and an improved freight rail network, while seeing no reduction to their existing KCS service.

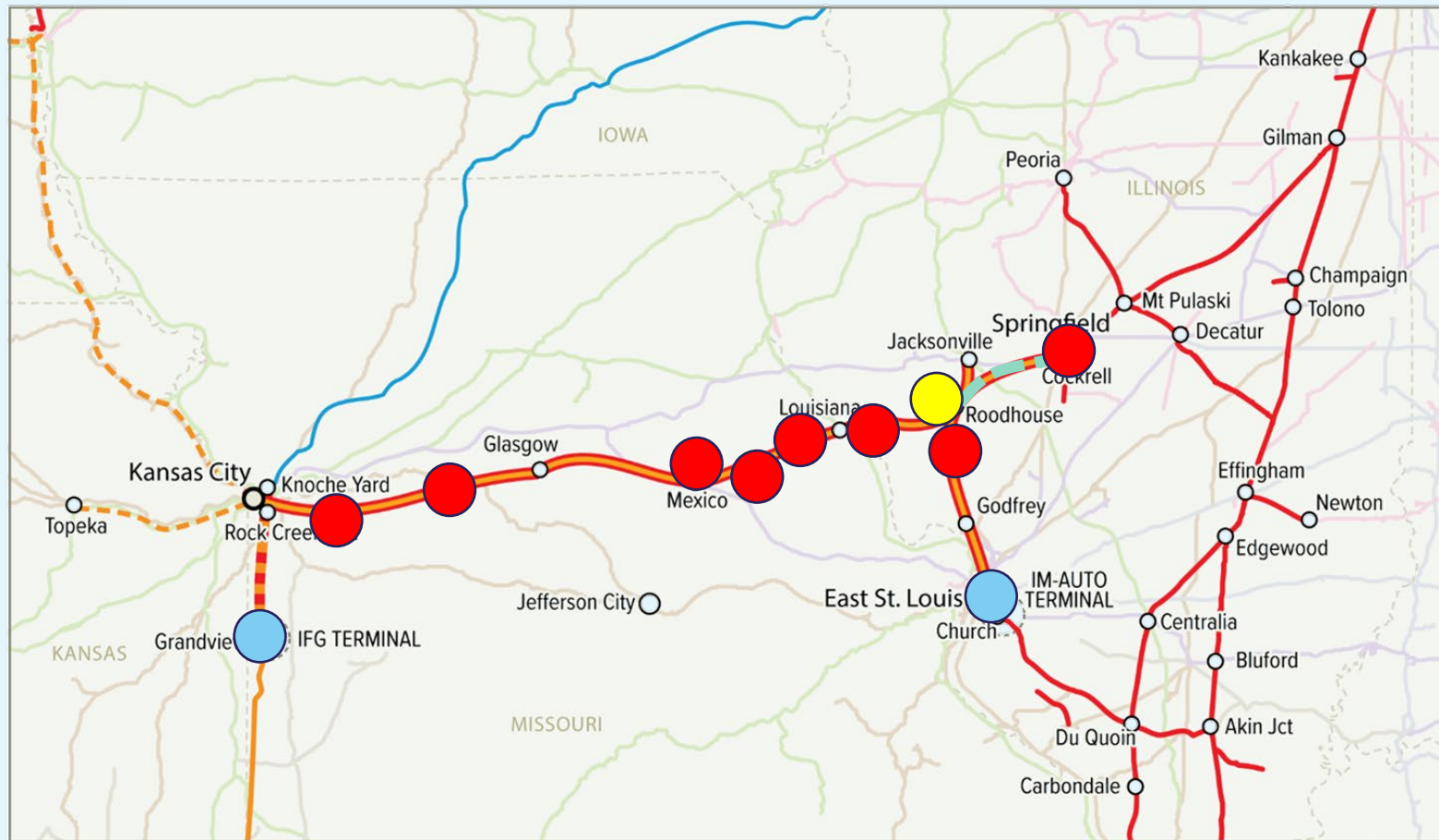
Representative Service Attribute	Service Provided by KCS Under Direct Ownership	Service Provided by a Merged CP-KCS Under a Haulage Agreement
Rate Setting	X	X
Contract with Customers	X	X
Loss and Damage Claims	X	X
Car Supply	X	X
Car Tracing	X	X
Locomotives (Unit Train)	X	X
Crews	X	
Dispatching/Infrastructure	X	
Service Standards	X	X
Billing	X	X
Customer Service	X	X

CN's Investments Will Enable Increased Service

Anticipated benefits for customers	CN's plan for the Springfield Line in year 3
• New automotive and intermodal service	• New intermodal/auto train from Chicago with single-line service to Kansas City (planned 7 day/week service) which will be a new service offering for intermodal/auto shippers moving traffic between Kansas City/East St. Louis and Toronto/Montreal/Detroit. • New intermodal/auto service to East St. Louis, which connects to the direct service from Chicago at Roodhouse (planned 7 day/week service). Faster transit time than current CN route to East St. Louis (save 100 miles round trip). • Construct new intermodal and automotive facilities in East St. Louis and add more automotive and intermodal capacity to Kansas City.
• Improved service for customers located on the Springfield Line	• Faster transit time with upgraded track speed between Cockrell and Roodhouse. • Manifest train will operate 6 days/week in each direction between Kansas City and East St. Louis to support local train and yard assignment, improvement in frequency from current 4 days/week. • Improve local service along key corridors between Roodhouse, IL and Mexico, MO by extending service to Laddonia, MO with increased frequency multiple times per week.
• More choice for local customers	• More competitive rail options will be available to local shippers on the Springfield Line. Those customers will be able to ship to/from CN as well as CP-KCS (via haulage with CN performing the service).

Springfield Line – Investing for Success

Creating opportunity for customers and communities by investing \$250 million in the Springfield Line, creating construction jobs in the process.

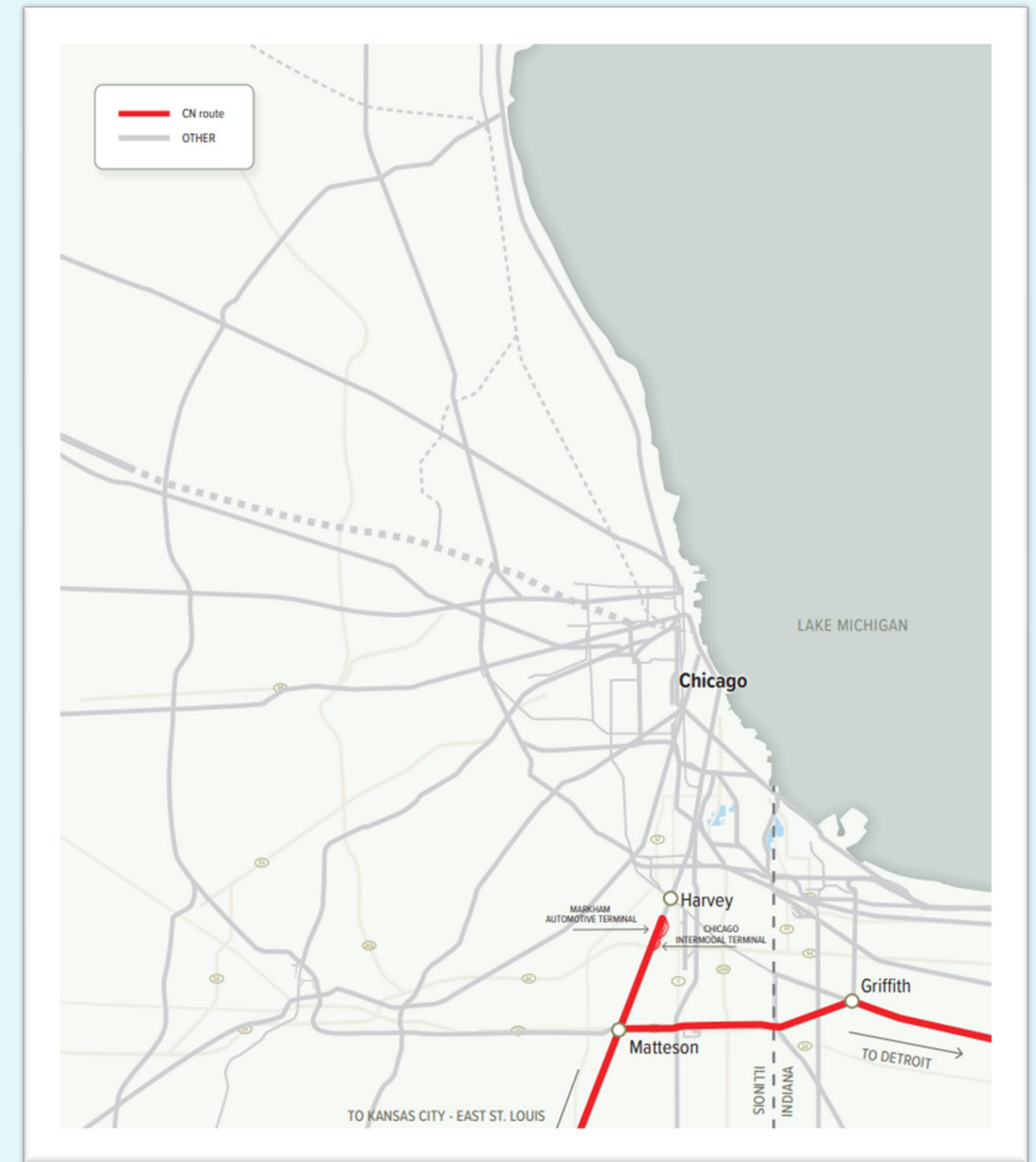


CN Investments

- Siding
- Intermodal/Automotive Terminal Facilities
- Track Improvements
- Upgrade to Existing Yard

CN: Bypassing Chicago

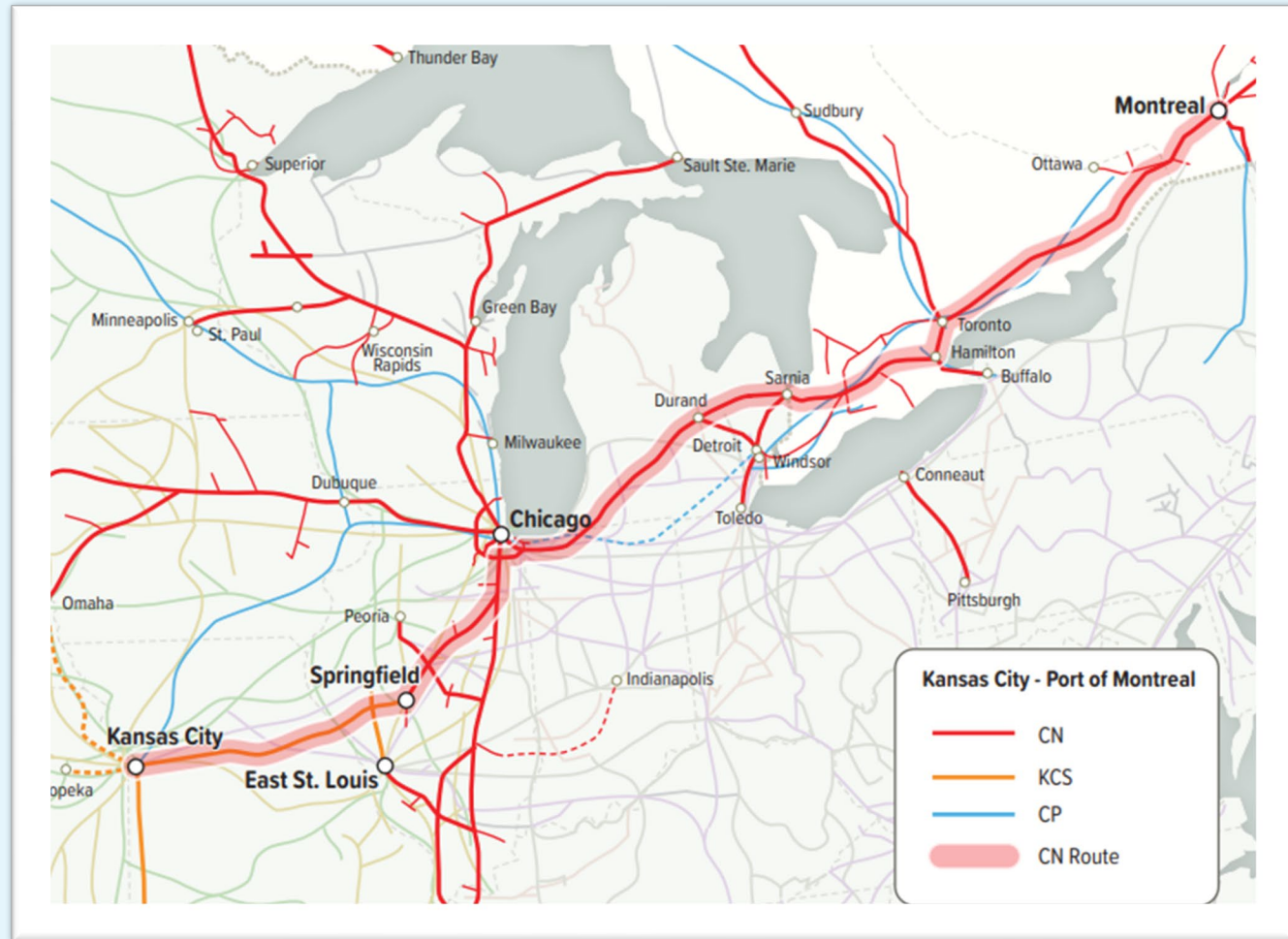
- CN's unique route structure in the Chicagoland enables it to avoid taking automotive and intermodal traffic into downtown Chicago. Instead, **the route for traffic bypasses the city by turning at Matteson, IL – over 30 miles away from downtown Chicago.** This route structure and existing infrastructure **minimizes impact on the region's residents.**



Springfield Line – Dramatic Reduction in Long-Haul Truck Traffic Across Midwest and Eastern Canada

CN's ownership of the Springfield Line will lead to **80,000 long-haul trucks** taken off the road annually.

- A true public benefit, CN's investment in the Line will lead to the significant diversion of trucks off the road. CN's investment and our superior product will lead to a greater reduction in trucks off the nation's roads than the entire CP-KCS proposed merger will achieve.



Springfield Line – Employing Communities

CN's significant investment in the Springfield Line will spur economic growth and create new jobs.

140 Jobs Created



23 - BLET Locomotive Engineers



55 – BMWED Engineering and Track Maintenance



11 – BRS Signalmen



36 – SMART-TD Conductors



2 – BRC Car Mechanics



1 – IAM Machinist



1 – IBEW Electrician



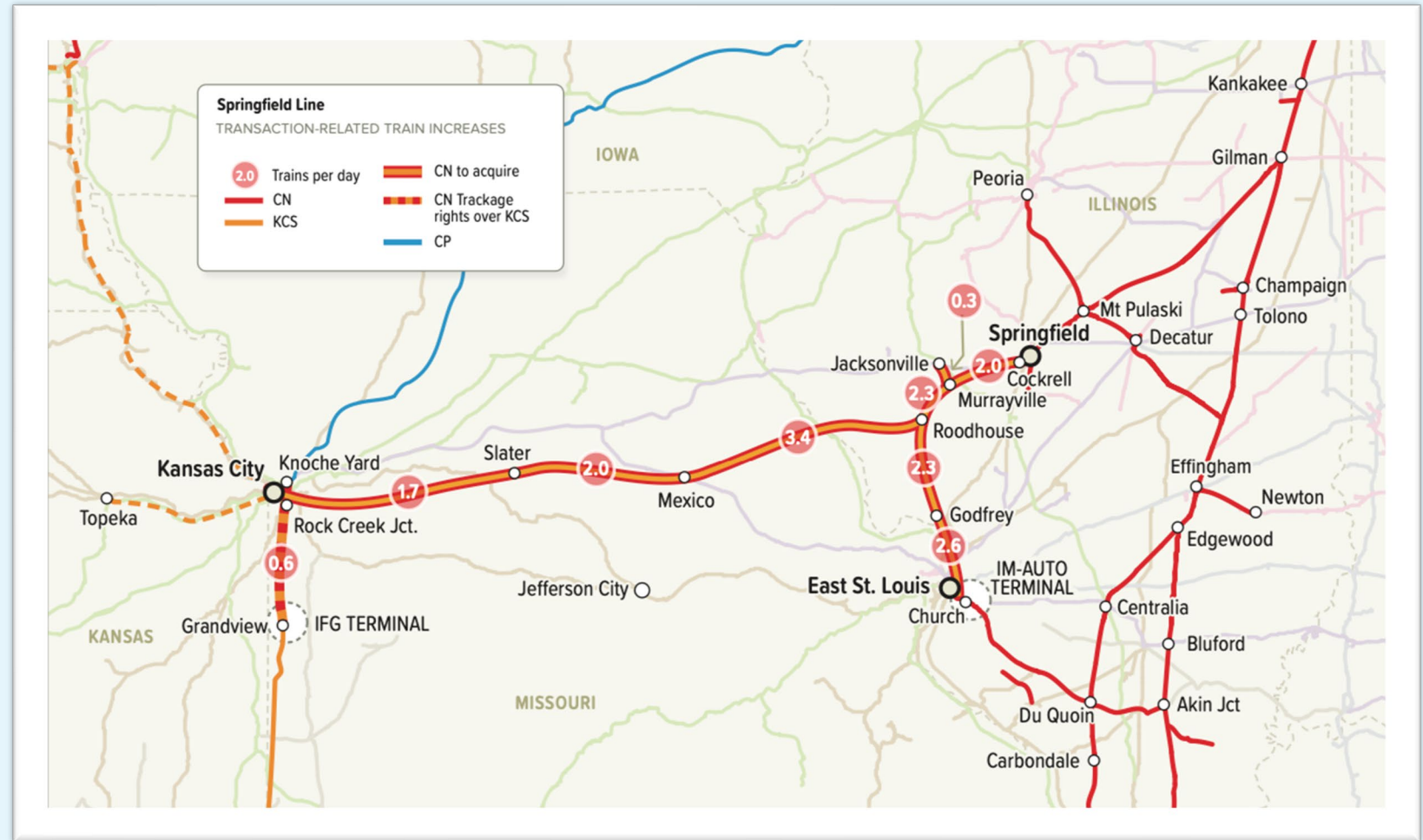
5 – Management Transportation



6 – Management Engineering

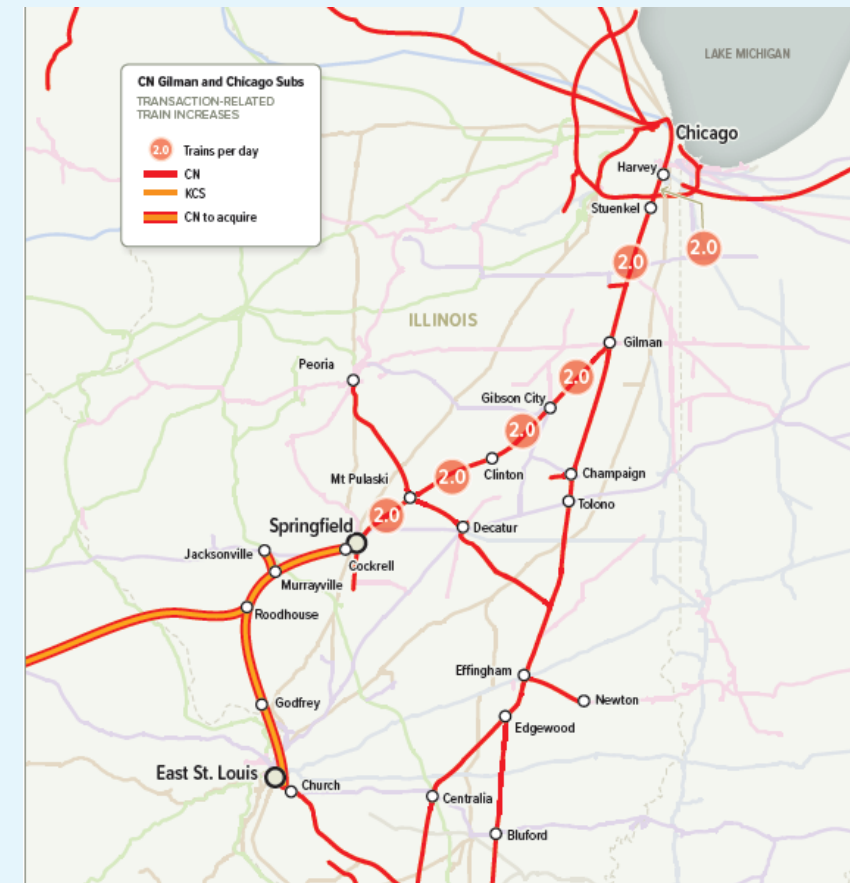
Springfield Line – Significant Opportunity with Minimal Train Count Increase

- The Springfield Line will present customers, consumers, and communities with new economic opportunities without a dramatic increase in train counts. **On average, there will only be a 2-train per day increase on the Springfield Line.**



Springfield Line – Significant Opportunity with Minimal Train Count Increase

- CN's Gilman Subdivision will also see a minimal increase in train counts. **On average, there will only be a 2-train per day increase on the CN Line between Springfield and near Harvey, IL.**



Source:
CN-14, Ex. 4, Fig. A.1-2 (Feb. 28, 2022).

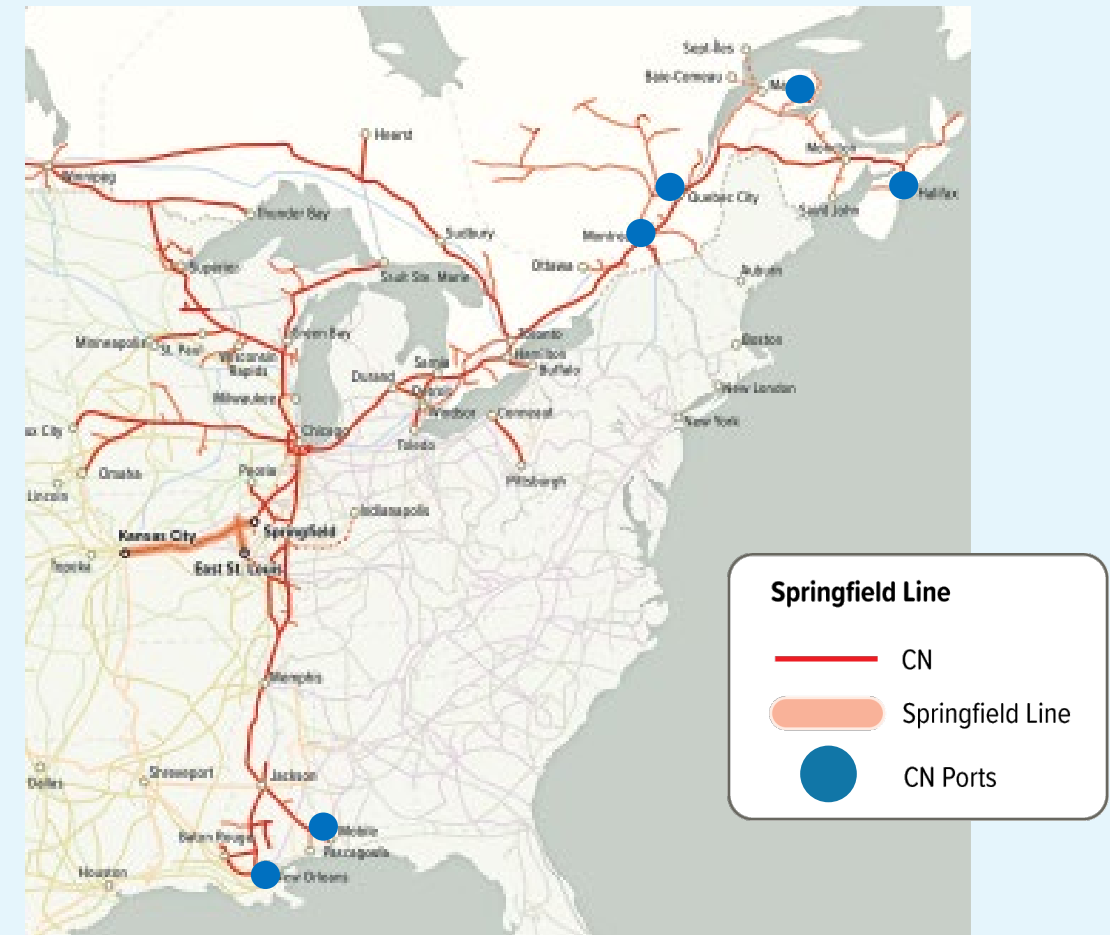
Springfield Line – Intermodal Growth

CN is the industry leader for intermodal service.

Intermodal Customers Will Benefit from CN Ownership and Investment

CN is the industry leader in intermodal growth and service offerings. Our future-oriented planning, customer-minded investments, and innovative product offerings have led to incredible growth in our intermodal business. Under CN's stewardship the Springfield Line will:

- **Strengthen the U.S. supply chain and increase fluidity of the North American rail network.**
- Enhance service, increase efficiency, and **reduce transit times for customers.**
- Take **80,000 trucks off the road annually** – reducing congestion on highways in Illinois, Missouri, Michigan, Indiana, and Eastern Canada.
- **Create jobs and economic opportunity** for communities through investment in new facilities across the line.



Springfield Line – Automotive Opportunity

CN's investments in the line will allow the automotive industry to thrive.

Automotive Customers Will Benefit from CN Ownership and Investment

CN is deeply committed to its automotive customers and has worked to add capacity to its network to support their growth. CN has automotive facilities in MI, OH, and Eastern Canada, serving 22 vehicle assembly plants– handling more than 3 million finished cars annually.

Under CN's ownership the Springfield Line will:

- Increase transportation competition, preserve a much-needed alternative route for automotive rail shipments, and **produce significant benefits for the automotive industry in the U.S. that only CN can deliver.**
- **Open new markets for automotive customers and divert truck shipments to rail** through heavy investment in new facilities.

Federal Sustainability Plan
Home / Federal Sustainability Plan

President Biden's Executive Order 14057 on catalyzing American clean energy industries and jobs through Federal sustainability and accompanying Federal Sustainability Plan (collectively referred to as "The Federal Sustainability Plan") sets out a range of ambitious goals to deliver an emissions reduction pathway consistent with President Biden's goal of reducing U.S. greenhouse gas emission by 50-52 percent from 2005 levels by 2030 and limiting global warming to 1.5 degrees Celsius, as the science demands.

Through the Federal Sustainability Plan, the Federal Government will achieve the following:



Net-Zero Emissions Procurement by 2050



100% Zero-Emission Vehicle Acquisitions by 2035, including 100% light-duty acquisitions by 2027

 **OFFICE OF THE FEDERAL CHIEF SUSTAINABILITY OFFICER**
COUNCIL ON ENVIRONMENTAL QUALITY

Gateways



Gateway Condition – Protecting Competition and Customer Options

Broad agreement among all stakeholders that a condition is needed

- Gateways must be clear
- Service quality must be assured
- Binding arbitration process

The gateway condition cannot be an empty promise

Conclusion



Springfield Line by the Numbers

Significant benefits for customers and communities



\$250 Million in Investment

CP investing only \$275 million across proposed CPKC network



80,000 Trucks Off the Road Annually

CP only taking 60,000 trucks off across whole proposed CPKC network



No Customers Lose Shipping Options

KCS will continue to have access to existing customers through proposed haulage agreement



140 Jobs Created

CN will create over 120 union jobs including locomotive engineers, signalman, electricians, and machinists



7 Railroads Interchange with Springfield Line

Customers using these railroads at East St. Louis and Springfield will benefit from CN's investment in the Line



2 Trains Per Day Average Increase

CN's network allows trains to avoid Chicago