

December 14, 2021

CP and Kansas City Southern Merge into First U.S.-Mexico-Canada Railroad

Kansas City Southern (KCS) completed its transformative US\$31-billion merger with Canadian Pacific Railway (CP) on December 14, 2021, creating the first U.S.-Mexico-Canada rail network.

Davies acted as Canadian counsel to KCS on the deal – the biggest Canadian M&A transaction launched in 2021 – which bets on an escalation in North American trade nearly a year after the *United States-Mexico-Canada Agreement* (USMCA) took effect.

The merger brings together two iconic companies to (i) deliver dramatically expanded market reach for customers, (ii) create enhanced competition and (iii) support North American economic growth, while achieving meaningful environmental benefits.

Immediately upon closing of the acquisition, KCS shares were placed into a voting trust with Dave Starling, former KCS president and CEO, appointed as the Voting Trustee. The Voting Trust, which ensures KCS will operate independently of CP, will remain in effect until the U.S. Surface Transportation Board (STB) issues its decision on the companies' joint railroad control application.

The STB's approval of CP's control of KCS would create Canadian Pacific Kansas City Limited – the only single-line railroad linking the United States, Mexico and Canada. The STB's review of CP's proposed control of KCS is expected to be completed in the fourth quarter of 2022.

The Davies team advising on the transaction included Vincent A. Mercier, Robin Upshall and Andrew Mihalik (Corporate; Mergers and Acquisitions); Mark C. Katz and Dajena Pechersky (Competition, Antitrust and Foreign Investment); Paul Lamarre (Tax); and Seann D. McAleese (Pensions, Employment and Executive Compensation).