



CNR (TSX:CNR) Stock Drops as Potential CEO Steps Aside

Description

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#)) saw shares drop over 5% in early morning trade on Dec. 20. This came after Jim Vena withdrew his candidacy after being backed by a group of investors for the chief executive officer position.

What happened?

This recent news is more in the ongoing saga for CNR stock. The company's former CEO Jean-Jacques Ruest announced his retirement earlier this year, which is planned for the end of January 2022 — or when a successor is appointed. A group of investors led by **TCI Fund Management** chose Vena for the job, as he was the former executive of **Union Pacific**.

Vena was also a prime candidate by activist investor **Elliot Management**, which owns a large stake in CNR stock. As does TCI, with a 5% stake in the company. Yet the former CNR stock chief operating officer announced on the weekend that he would no longer be in the running for the top spot. CNR stock stated a new CEO would be announced next month.

So what?

This is just more fuel to the ongoing fire in claims that CNR stock isn't [run well](#). However, it's also a blow to TCI and Elliot, with the former launching a campaign to overhaul the board and install Vena. This came after the drama between CNR stock and **Canadian Pacific** in [their bid](#) for **Kansas City Southern**.

In the bid, CNR stock managed to outbid CP stock to take on KCS. However, the Surface Transportation Board in the United States sided with CP stock, believing it to be the superior choice. This is both because the company can fund the expansion more easily than CNR stock, but also because none of CP stock's rail lines run in competition with KCS. This made CP stock the largest railway in North America and left CNR stock in shock.

Now what?

What should investors think about the recent movement with CNR stock? Honestly, it looks like with Vena leaving, no one is happy. And given the phrasing used in managements press release, it looks like CNR didn't want this to happen in the first place.

"CN has only provided an update on this search process because TCI has requisitioned a Special Meeting of Shareholders on March 22, 2022 with one goal being to have Mr. Vena appointed CEO of CN," [the statement reads](#). "CN previously disclosed to shareholders that Mr. Vena would be seriously considered for the position. Since Mr. Vena is no longer being considered for this position, CN believed it was appropriate to provide shareholders with an update."

Shares of CNR stock were down 5% on Dec. 20, but have come down further since October. Shares are currently down 7% from 52-week highs and up 6% year to date. Analysts remain at a target price of \$159 for the company.

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