

CANADIAN PACIFIC RAILWAY LIMITED

AND

CANADIAN PACIFIC RAILWAY COMPANY

FINANCE COMMITTEE

TERMS OF REFERENCE

The term "Corporation" herein shall refer to each of Canadian Pacific Railway Limited ("CPRL") and Canadian Pacific Railway Company ("CPRC"), and the terms "Board," "Directors", "Board of Directors" and "Committee" shall refer to the Board, Directors, Board of Directors, or Committee of CPRL or CPRC, as applicable.

A. Background

Purpose

The Finance Committee (the "Committee") will assist the Board in fulfilling its responsibilities to oversee: (i) the Corporation's financial position, financing plans and programs and dividend policy and actions; (ii) strategic options and opportunities for the Corporation, including acquisitions and divestitures; and (iii) oversight of the pension plans sponsored by the Corporation and/or some of its subsidiaries from time to time (collectively, the "Plans").

Amendments to the Plans

Notwithstanding that the Committee will oversee the Plans from time to time, the Board retains the full power to make all amendments to the CPRC Pension Plan, the CPRC Secondary Pension Plan and the CPRC Supplemental Retirement Plan. Soo Line Railroad Company Board of Directors (the "SLRC Board") will retain the full power to make all amendments to all U.S. pension plans.

B. Committee and Procedures

1. **Composition of Committee**

The Committee shall consist of not less than three Directors and not more than the number of Directors who are not officers or employees of the Corporation, none of whom is either an officer or employee of the Corporation or any of its subsidiaries.

2. Appointment of Committee Members

Members of the Committee shall be appointed from time to time by the Board and shall hold office at the pleasure of the Board.

3. Vacancies

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. The Board shall fill any vacancy if the membership of the Committee is less than three Directors.

4. Committee Chair

The Board shall appoint a Chair for the Committee.

5. Absence of Committee Chair

If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

6. Secretary of Committee

The Committee shall appoint a Secretary who need not be a Director of the Corporation.

7. Meetings

The Chair of the Committee or the Chairman of the Board or any two of its other members may call a meeting of the Committee. The Committee shall meet at such times during each year as it deems appropriate, and as part of such meetings, shall meet in executive session without management being present.

8. Quorum

Three members of the Committee shall constitute a quorum.

9. Notice of Meetings

Notice of the time and place of every meeting shall be given, by any means of transmitted or recorded communication, including facsimile, telex, telegram or other electronic means that produces a written copy, to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided, however, that a member may in any manner waive a notice of a meeting; and attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to

the transaction of any business on the grounds that the meeting is not lawfully called.

10. Attendance of Others at Meetings

At the invitation of the Chair of the Committee, individuals who are not members of the Committee may attend any meeting of the Committee.

11. Procedure, Records and Reporting

Subject to any statute or articles and by-laws of the Corporation, the Committee shall fix its own procedures at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next regularly scheduled meeting of the Board and not less than annually).

12. Use of Outside Advisors

The Committee, the Management Pension Committee (the "MPC"), the SLRC Board and the Corporation will be assisted by such professional advisors, including one or more professional investment managers, as may be desired to administer the Plans and invest the assets of the Plans in accordance with applicable policies.

13. Review of Terms of Reference

The Committee shall review and reassess the adequacy of these Terms of Reference annually or otherwise as it deems appropriate and recommend changes to the Board.

C. Mandate of Committee

14. The Committee shall:

Finance Matters

- a) provide oversight of the Corporation's capital structure, cash flows and key financial ratios;
- b) review and make recommendations relating to the financial policies of the Corporation generally and management's plans relating to Treasury operations, including such items as financial derivatives, hedging activities and credit;
- c) review the Corporation's credit facilities, including amendments thereto, and review compliance by the Corporation with its financial covenants;

- d) review major financings and the offering documents used in connection therewith (other than financial statement information contained in such offering documents of the Corporation and its subsidiaries which shall be the responsibility of the Audit Committee of the Board) and make recommendations relating thereto, and annually review the Corporation's financing plans and strategies;
- e) oversee financial risks and contingent exposure that may have a material impact on the Corporation;
- f) make recommendations with respect to distributions to shareholders and the Corporation's dividend policy;
- g) make recommendations with respect the repurchase of shares of CPRL;
- h) review the Corporation's credit ratings and monitor the Corporation's activities relating to credit rating agencies;
- i) review strategic options and opportunities for the Corporation, including acquisitions and divestitures;
- j) review the Corporation's tax status and monitor its approach to tax strategy;

Pension Matters

- k) have general oversight responsibility for the Plans as directed by the Board from time to time;
- l) delegate certain pension monitoring and legislative compliance matters regarding the Canadian Plans to the MPC whose membership will include management, human resources, finance and legal staff;
- m) delegate oversight authority for the U.S. Plans to the SLRC board;
- n) monitor the activities of the MPC and receive periodic reports from the SLRC Board on U.S. pension matters;
- o) review the mandate and terms of reference of the MPC at least once every three years;
- p) receive the advice of the Chief Financial Officer on issues of investment policy and funding policy and approve investment managers and the investment and funding policies for the Plans;
- q) approve the criteria to be used by the MPC to select trustees/custodians, actuaries and third party administrators for the Plans and to measure the

ongoing performance of such individuals;

- r) as it deems appropriate from time to time, delegate duties and responsibilities to appropriate managers, staff, advisors and committees with respect to Designated Plan management matters;
- s) deliver annual reports to the Board in accordance with Section B. 11;
- t) receive and review semi-annual reports from the Chief Financial Officer on Canadian pension plan matters, including:
 - (i) design of the Canadian pension plans;
 - (ii) overall financial conditions and contribution matters, including assets, liabilities, surpluses or deficits, on a funding, solvency or windup basis as appropriate; current service costs; cash flow; highlights of related expenses; and the status of letters of credit under the Supplemental Plan;
 - (iii) investment manager, trustee/custodian, actuary and third party administrator appointments, terminations, and performance and compliance with investment and funding policies;
 - (iv) conflicts of interest;
 - (v) legislative compliance;
 - (vi) pension trends or changes; and

Other

- u) perform such other activities, consistent with these Terms of Reference, the Corporation's articles and by laws and governing law, as the Committee or the Board deems appropriate, and shall have the authority to retain such experts as it may require.

May 9, 2018