UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark one)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**

For fiscal year ended December 31, 2015
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission File Number 001-01342

Canadian Pacific Railway Limited

(Exact name of registrant as specified in its charter)

Canada	**98-0355078**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
7550 Ogden Dale Road S.E., Calgary, Alberta, Canada	**T2C 4X9**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: (403) 319-7000
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on which Registered**
Common Shares, without par value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of June 30, 2015 the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the voting stock held by non-affiliates of the registrant was $23,580,095,732 million, based on the closing sales price per share as reported by the New York Stock Exchange on such date.

As of the close of business on February 26, 2016, there were 153,021,661 shares of the registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement relating to registrant’s 2016 annual and special meeting of shareholders (the “Proxy Statement”) are incorporated by reference in Part III hereof.

CANADIAN PACIFIC RAILWAY LIMITED
FORM 10-K
TABLE OF CONTENTS

PART I

PART II

PART III

PART IV

PART I

ITEM 1. BUSINESS

Company Overview

Canadian Pacific Railway Limited (“CPRL”), together with its subsidiaries (“CP” or the “Company”), operates a transcontinental railway in Canada and the United States (“U.S.”). CP's diverse business mix includes bulk commodities, merchandise freight and intermodal traffic over a network of approximately 12,500 miles, serving the principal business centres of Canada from Montreal, Quebec, to Vancouver, British Columbia, and the U.S. Northeast and Midwest regions.

CPRL was incorporated on June 22, 2001, under the Canada Business Corporations Act and controls and owns all of the Common Shares of Canadian Pacific Railway Company (“CPRC”) which was incorporated by Letters Patent in 1881 pursuant to an Act of the Parliament of Canada. The Company’s registered, executive and head office is located at 7550 Ogden Dale Road S.E., Calgary, Alberta T2C 4X9. CP's Common Shares are listed on the Toronto Stock Exchange (“TSX”) and the New York Stock Exchange (“NYSE”) under the symbol “CP”.

For purposes of this report, all references herein to “CP,” “the Company,” “we,” “our” and “us” refer to CPRL, CPRL and its subsidiaries, CPRL and one or more of its subsidiaries, or one or more of CPRL's subsidiaries, as the context may require. All references to currency amounts included in this annual report, including the Consolidated Financial Statements, are in Canadian dollars unless specifically noted otherwise.

For additional information regarding CP's network and geographical locations refer to Item 2. Properties.

Strategy

CP is driving change as it moves through its transformational journey to become the best railroad in North America while creating long-term value for shareholders. The Company is focused on providing customers with industry-leading rail service; driving sustainable, profitable growth; optimizing its assets; and reducing costs while remaining a leader in rail safety. Looking forward, CP is executing its strategic plan to become the lowest cost rail carrier centred on five key foundations, which are the Company’s performance drivers.

Provide Service: Providing efficient and consistent transportation solutions for the Company’s customers. “Doing what we say we are going to do” is what drives CP in providing a reliable product with a lower cost operating model. Centralized planning aligned with local execution is bringing the Company closer to the customer and accelerating decision-making.

Control Costs: Controlling and removing unnecessary costs from the organization, eliminating bureaucracy and continuing to identify productivity enhancements are the keys to success.

Optimize Assets: Through longer sidings, improved asset utilization and increased train lengths, the Company is moving increased volumes with fewer locomotives and cars while unlocking capacity for future growth potential.

Operate Safely: Each year, CP safely moves millions of carloads of freight across North America while ensuring the safety of our people and the communities through which we operate. Safety is never to be compromised. Continuous research and development in state-of-the-art safety technology and highly focused employees ensure our trains are built for safe, efficient operations across our network.

Develop People: CP recognizes that none of the other foundations can be achieved without its people. Every CP employee is a railroader and the Company is shaping a new culture focused on a passion for service with integrity in everything it does. Coaching and mentoring managers into becoming leaders will help drive CP forward.

Business Developments

During the fourth quarter of 2015, CP proposed a business combination with Norfolk Southern Corporation (“NS”). While CP is firmly of the view that a business combination would deliver improved levels of service to customers and communities while enhancing competition and creating significant shareholder value, to date, NS has rejected CP’s proposal. On February 9, 2016, CP notified NS of its intent to submit a resolution to NS shareholders to ask their Board of Directors to engage in good faith discussions with CP regarding a business combination transaction involving CP and NS that would create a true end-to-end transcontinental railroad that would enhance competition, benefit the public and drive economic growth.

During the third quarter of 2015, the Company completed the sale of approximately 283 miles of the Delaware and Hudson Railway Company, Inc.’s line between Sunbury, Pennsylvania, and Schenectady, New York (“D&H South”) to NS for proceeds of $281 million (U.S. $214 million).

During the first quarter of 2015, CP entered into an agreement to create a joint venture with Canadian Dream Venture LP called Dream VHP Limited Partnership. The joint venture was created to evaluate the Company's real estate and to explore innovative ways to maximize value, including industrial, commercial and residential development.

During the second quarter of 2014, the Company completed the sale of approximately 660 miles of the Dakota, Minnesota & Eastern ("DM&E") tracks between Tracy, Minnesota; Rapid City, South Dakota; Colony, Wyoming; and Crawford, Nebraska to Genesee & Wyoming Inc. ("G&W") for proceeds of $236 million (U.S. $218 million).

Change in Executive Officers

On February 11, 2015, the Company announced that Executive Vice-President and Chief Financial Officer ("CFO"), Mr. Bart W. Demosky, had decided to leave the Company. On May 4, 2015, the Company announced Mr. Mark J. Erceg was appointed Executive Vice-President and Chief Financial Officer. Mr. Erceg joined the Company on May 18, 2015.

On October 27, 2015, the Company announced that Mr. Paul A. Guthrie will retire in the first quarter of 2016. Mr. Guthrie was appointed Special Counsel to the Chief Executive Officer ("CEO") to support the transition. Mr. Jeffrey J. Ellis was appointed Chief Legal Officer and Corporate Secretary effective November 23, 2015.

Change in Board of Directors

Effective May 14, 2015, Mr. Keith E. Creel and the Hon. John R. Baird were elected to the Board of Directors of Canadian Pacific Railway Limited.

On July 3, 2015, Mr. Stephen C. Tobias resigned as a member of the Company's Board of Directors. Mr. Tobias joined the Board on May 17, 2012.

On July 20, 2015, Mr. Andrew F. Reardon was elected Chairman of the Board. On July 20, 2015, Mr. Gary F. Colter and Ms. Krystyna T. Hoeg resigned as members of the Company's Board of Directors. Mr. Colter joined the Board on May 17, 2012 and was the Chairman of the Board from May 1, 2014 until his resignation. Ms. Hoeg joined the Board on May 11, 2007.

Ms. Linda J. Morgan, who was a director of the Company since 2006 and Chair of the Health, Safety, Security, and Environment Committee and Member of the Audit Committee, passed away on November 4, 2015.

On January 26, 2016, Mr. Paul C. Hilal resigned from the Board. Mr. Matthew H. Paull was appointed to the Company's Board of Directors on January 26, 2016 and is currently the Chair of the Audit Committee.

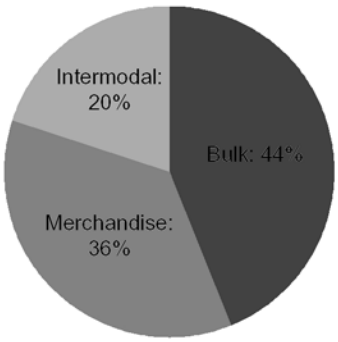
Operations

The Company operates in only one operating segment: rail transportation. Although the Company provides a breakdown of revenue by business line, the overall financial and operational performance of the Company is analyzed as one segment due to the integrated nature of the rail network. Additional information regarding the Company's business and operations, including revenue and financial information and information by geographic location, is presented in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and Item 8. Financial Statements and Supplementary Data, Note 29 Segmented and geographic information.

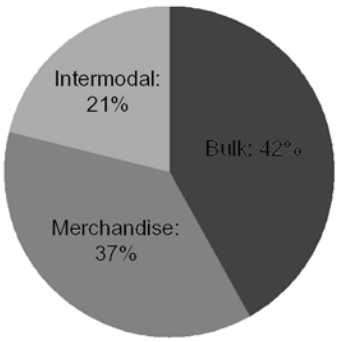
Lines of Business

The Company transports bulk commodities, merchandise freight and intermodal traffic. Bulk commodities include grain, coal, potash, fertilizers and sulphur. Merchandise freight consists of finished vehicles and automotive parts, as well as forest and industrial and consumer products. Intermodal traffic consists largely of retail goods in overseas containers that can be transported by train, ship and truck and in domestic containers and trailers that can be moved by train and truck.

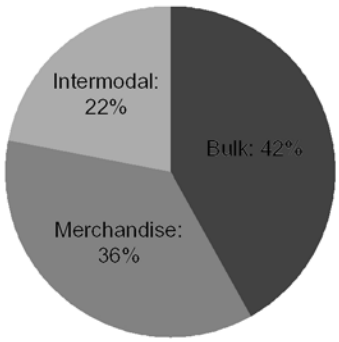
The Company's revenues are primarily derived from transporting freight. In 2015, the Company generated freight revenues totalling $6,552 million ($6,464 million in 2014 and $5,982 million in 2013). The following charts compare the percentage of the Company's total freight revenues derived from each of the three major business lines in 2015, 2014 and 2013:



2015 Freight revenues



2014 Freight revenues

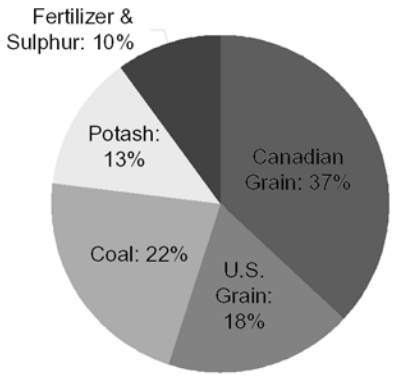


2013 Freight revenues

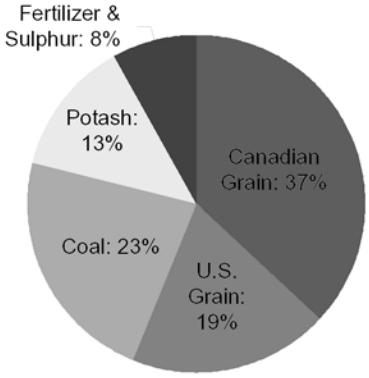
BULK

CP's bulk business represented approximately 44% of total freight revenues in 2015.

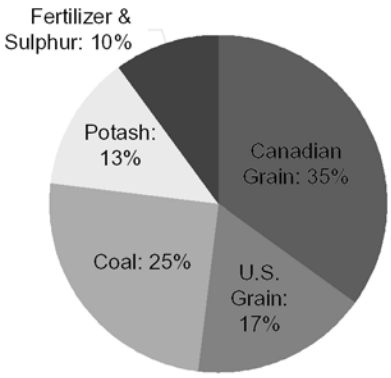
The following charts compare the percentage of the Company's freight revenues derived from bulk commodities transportation, including per commodity business in 2015, 2014 and 2013:



2015 Bulk revenues



2014 Bulk revenues



2013 Bulk revenues

Canadian Grain

The Company's Canadian grain business represented approximately 37% of bulk revenues, which is 16% of total freight revenues in 2015.

Canadian grain transported by CP consists of both whole grains, such as wheat, corn, soybeans and canola, and processed products such as meals, oils and flour. This business is centred in the Canadian Prairies (Alberta, Saskatchewan and Manitoba), with grain shipped primarily west to the Port Metro Vancouver in British Columbia ("B.C.") and east to the Port of Thunder Bay in Ontario for export. Grain is also shipped to the U.S., Mexico and to Eastern Canada for domestic consumption.

Canadian grain includes a division of business that is regulated by the Canadian government through the Canada Transportation Act ("CTA"). This regulated business is subject to a maximum revenue entitlement ("MRE"). Under this regulation, railroads can set their own rates for individual movements. However, the MRE governs aggregate revenue earned by the railroad based on a formula that

factors in the total volumes, length of haul, average revenue per ton and inflationary adjustments. The regulation applies to Western Canadian export grain shipments to the ports of Vancouver and Thunder Bay.

U.S. Grain

CP's U.S. grain business represented approximately 18% of bulk revenues, which is 8% of total freight revenues in 2015.

U.S. grain transported by CP consists of both whole grains, such as wheat, corn and soybeans, and processed products such as meals, oils and flour. This business is centred in the states of North Dakota, Minnesota, Iowa and South Dakota. Export grain traffic from this producing region is shipped to ports at Duluth and Superior in Minnesota. In partnership with other railroads, CP also moves grain to export terminals in the U.S. Pacific Northwest and the Gulf of Mexico. Grain destined for domestic consumption moves east via Chicago, Illinois to the U.S. Northeast or is interchanged with other carriers to the U.S. Southeast, Pacific Northwest and Californian markets.

Coal

The Company's Coal business represented approximately 22% of bulk revenues, which is 10% of total freight revenues in 2015.

CP handles mostly metallurgical coal destined for export through the Port Metro Vancouver for use in the steelmaking process in the Pacific Rim, Europe and South America. CP's Canadian coal traffic originates mainly from Teck Resource Limited's mines in southeastern B.C. CP moves coal west from these mines to port terminals for export to world markets, east for the U.S. Midwest markets and for consumption in steelmaking mills along the Great Lakes.

In the U.S., CP moves primarily thermal coal from connecting railways serving the thermal coal fields in the Powder River Basin in Montana and Wyoming. It is then delivered to power-generating facilities in the U.S. Midwest. CP also serves petroleum coke operations in Canada and the U.S., where the product is used for power generation and aluminum production.

Potash

The Company's Potash business represented approximately 13% of bulk revenues, which is 5% of total freight revenues in 2015.

The Company's potash traffic moves mainly from Saskatchewan to offshore markets through the ports of Vancouver, Thunder Bay and Portland, Oregon and to markets in the U.S. All potash shipments for export beyond Canada and the U.S. are marketed by Canpotex Limited, a joint venture among Saskatchewan's potash producers. Independently, these producers move domestic potash with CP primarily to the U.S. Midwest for local application.

Fertilizers and Sulphur

Fertilizers and sulphur business represented approximately 10% of bulk revenues, which is 4% of total freight revenues in 2015.

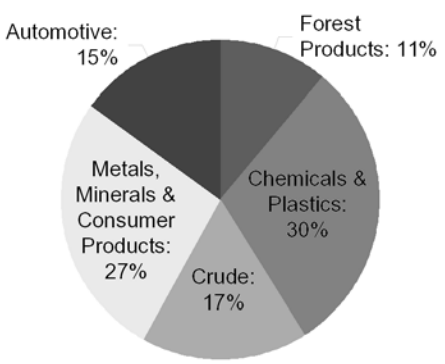
Chemical fertilizers are transported to markets in Canada and the U.S. from key production areas in the Canadian Prairies. Phosphate fertilizer is also transported from U.S. and Canadian producers to markets in Canada and the northern U.S. CP provides transportation services from major nitrogen production facilities in Western Canada and has efficient routes to the major U.S. markets. CP also has direct service to key fertilizer distribution terminals, including via facilities on the Mississippi River system at Minneapolis-St. Paul, Minnesota, as well as access to Great Lakes vessels at Thunder Bay.

Most sulphur is produced in Alberta as a byproduct of processing sour natural gas, refining crude oil and upgrading bitumen produced in the Alberta oil sands. Sulphur is a raw material used primarily in the manufacturing of sulphuric acid, which is used most extensively in the production of phosphate fertilizers. Demand for elemental sulphur rises with demand for fertilizers. Sulphuric acid is also a key ingredient in industrial processes ranging from smelting and nickel leaching to paper production.

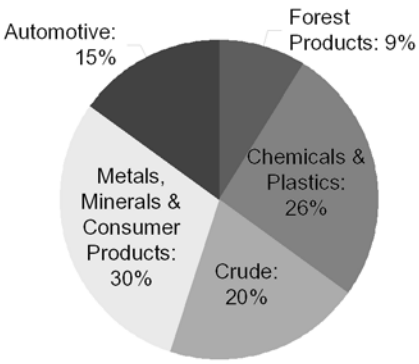
MERCHANDISE

CP's merchandise business represented approximately 36% of total freight revenues in 2015.

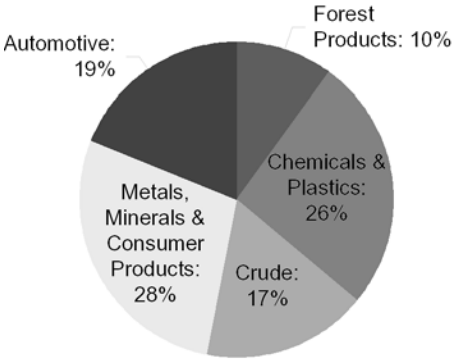
The following charts compare the percentage of the Company's freight revenues derived from merchandise transportation, including per merchandise business in 2015, 2014 and 2013:



2015 Merchandise revenues



2014 Merchandise revenues



2013 Merchandise revenues

Merchandise products move in trains of mixed freight and in a variety of car types. Service involves delivering products to many different customers and destinations. In addition to traditional rail service, CP moves merchandise traffic through a network of truck-rail transload facilities and provides logistics services.

Forest Products

The Company's Forest products business represented approximately 11% of merchandise revenues, which is 4% of total freight revenues in 2015.

Forest products traffic includes wood pulp, paper, paperboard, newsprint, lumber, panel and oriented strand board shipped from key producing areas in B.C., northern Alberta, northern Saskatchewan, Ontario and Quebec to destinations throughout North America.

Chemicals and Plastics

The Company's Chemicals and plastics business represented approximately 30% of merchandise revenues, which is 11% of total freight revenues in 2015.

Petroleum products represent the largest segment of this business, followed by chemicals and plastics.

Petroleum products consist of commodities such as liquefied petroleum gas ("LPG"), gasoline, diesel, condensate, asphalt and lubricant oils. The majority of the Company's Western Canadian petroleum products traffic originates in Saskatchewan and in the Alberta Industrial Heartland, Canada's largest hydrocarbon processing region. The Bakken formation region in Saskatchewan and North Dakota is another source of condensate, LPG and natural gas liquids. Interchange with several rail interline partners gives the Company access to refineries and export facilities in the Pacific Northwest, Northeast U.S. and Gulf Coast, as well as the Texas and Louisiana petrochemical corridor and port connections.

The Company's chemical traffic includes products such as ethylene glycol, styrene, sulphuric acid, methanol, sodium chlorate, caustic soda and soda ash. These shipments originate from Eastern Canada, Alberta, the U.S. Midwest and the Gulf of Mexico and move to end markets in Canada, the U.S. and overseas.

The most commonly shipped plastics products are polyethylene and polypropylene. Almost half of the Company's plastics originate in central and northern Alberta and move to various North American destinations.

Crude

The Company's Crude business represented approximately 17% of merchandise revenues, which is 6% of total freight revenues in 2015.

Crude moves from production facilities throughout Alberta, Saskatchewan and North Dakota. CP has connections to these production facilities as well as access to pipeline terminals. Oil sands products originating in northern Alberta are delivered by pipeline systems to hub terminals in Edmonton, Hardisty and the Alberta Industrial Heartland, where rail and pipeline are the options for onward

transportation. CP connects to numerous Saskatchewan oil-producing regions, including ones in Shaunavon, Lloydminster, Kerrobert and the Bakken formation, and CP has numerous facilities in the North Dakota Bakken oil-producing region.

CP's main crude unloading destination terminal is located in Albany, New York. This terminal is a rail-to-vessel operation that can reach refineries along the Canadian and U.S. East Coast, and the U.S. Gulf Coast. CP also accesses other refineries and terminals on the U.S. East Coast, Gulf Coast and West Coast through established interline partnerships.

Metals, Minerals and Consumer Products

The Company's Metals, minerals and consumer products business represented approximately 27% of merchandise revenues, which is 10% of total freight revenues in 2015.

Metals, minerals and consumer products include a wide array of commodities such as aggregates, steel, consumer products and non-ferrous metals.

Frac sand and cement are the dominant aggregates. Frac sand originates at mines located along the Company's network in Wisconsin and moves to a diverse set of shale formations across North America. The majority of the Company's cement traffic is shipped directly from production facilities in Alberta, Iowa and Ontario to energy and construction projects in North Dakota, Alberta, Manitoba and the U.S. Midwest.

CP transports steel in various forms from mills in Ontario, Saskatchewan and Iowa to a variety of industrial users. The Company carries base metals such as copper, lead, zinc and aluminum. CP also moves ores from mines to smelters and refineries for processing, and the processed metal to automobile and consumer products manufacturers.

Consumer products traffic consists of a diverse mix of goods, including food products, building materials, packaging products and waste products.

Automotive

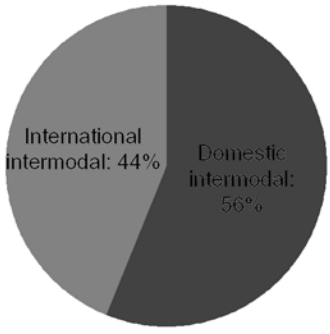
The Company's Automotive business represented approximately 15% of merchandise revenues, which is 5% of total freight revenues in 2015.

CP's automotive portfolio consists of four finished vehicle traffic segments: import vehicles that move through Port Metro Vancouver to Eastern Canadian markets; Canadian-produced vehicles that ship to the U.S. from Ontario production facilities; U.S.-produced vehicles that ship within the U.S. as well as cross-border into Canadian markets; and Mexican-produced vehicles that ship to the U.S. and Canada. In addition to finished vehicles, CP ships automotive parts, machinery and pre-owned vehicles. A comprehensive network of automotive compounds is utilized to facilitate final delivery of vehicles to dealers throughout Canada and in the U.S.

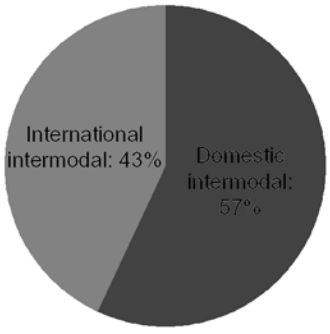
INTERMODAL

The Company's intermodal business represented approximately 20% of total freight revenues in 2015.

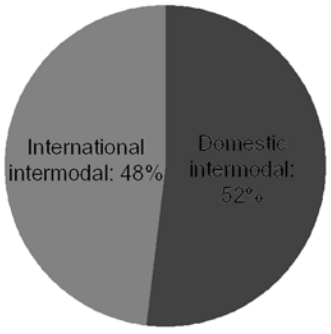
The following charts compare the percentage of the Company's freight revenues derived from intermodal transportation, including the percentage of revenues generated from domestic and international intermodal transportation in 2015, 2014 and 2013:



2015 Intermodal revenues



2014 Intermodal revenues



2013 Intermodal revenues

Domestic intermodal freight consists primarily of manufactured consumer products moved in 53-foot containers within North America. International intermodal freight moves in marine containers to and from ports and North American inland markets.

Domestic Intermodal

The Company's Domestic intermodal business represented approximately 56% of intermodal revenues, which is 12% of total freight revenues in 2015.

CP's Domestic intermodal business moves goods from a broad spectrum of industries including food, retail, less-than truckload, trucking and forest products as well as various other consumer-related products. Key service factors in domestic intermodal include consistent on-time delivery, the ability to provide door-to-door service and the availability of value-added services. The majority of the Company's Domestic intermodal business originates in Canada where CP markets its services directly to retailers, providing complete door-to-door service and maintaining direct relationships with its customers. In the U.S., the Company's service is delivered mainly through wholesalers.

International Intermodal

The Company's International intermodal business represented approximately 44% of intermodal revenues, which is 9% of total freight revenues in 2015.

CP's International intermodal business consists primarily of containerized traffic moving between the ports of Vancouver, Montreal and New York and inland points across Canada and the U.S. Import traffic from the Port Metro Vancouver is mainly long-haul business destined for Eastern Canada and the U.S. Midwest and Northeast. The Company's trans-Pacific service offers the shortest route between the Port Metro Vancouver and Chicago. CP works closely with the Port of Montreal, a major year-round East Coast gateway to Europe, to serve markets primarily in Canada and the U.S. Midwest. The Company's U.S. Northeast service connects Eastern Canada with the Port of New York, offering a competitive alternative to trucks.

Fuel Cost Recovery Program

The short-term volatility in fuel prices may adversely or positively impact revenues. CP employs a fuel cost recovery program designed to automatically respond to fluctuations in fuel prices and help reduce volatility to changing fuel prices. Fuel surcharge revenues are earned on individual shipments primarily based on On Highway Diesel; as such, fuel surcharge revenue is a function of freight volumes. Fuel surcharge revenues accounted for approximately 4% of the Company's total freight revenues in 2015.

Non-freight Revenues

Non-freight revenues accounted for approximately 2% of the Company's total revenues in 2015. Non-freight revenues are generated from leasing certain assets, switching fees, other arrangements including logistical services and contracts with passenger service operators.

Significant Customers

For each of the years ended December 31, 2015, 2014 and 2013, no customer comprised more than 10% of total revenues or accounts receivable.

Competition

The Company is subject to competition from other railways, motor carriers, ship and barge operators, and pipelines. Price is only one factor of importance as shippers and receivers choose a transportation service provider. Service is another factor and requirements, both in terms of transit time and reliability, vary by shipper and commodity. As a result, the Company's primary competition varies by commodity, geographic location and mode of available transportation. CP's primary rail competitors are Canadian National Railway Company ("CN"), which operates throughout much of the Company's territory in Canada and Burlington Northern Santa Fe, LLC ("BNSF"), which operates throughout much of the Company's territory in the U.S. Midwest. Other railways also operate in parts of the Company's territory. Depending on the specific market, competing railroads and deregulated motor carriers may exert pressure on price and service levels.

Seasonality

Volumes and revenues from certain goods are stronger during different periods of the year. First-quarter revenues are typically lower mainly due to winter weather conditions, closure of the Great Lakes ports and reduced transportation of retail goods. Second and third-quarter revenues generally improve over the first quarter as fertilizer volumes are typically highest during the second quarter and demand for construction-related goods is generally highest in the third quarter. Revenues are typically strongest in the fourth quarter, primarily as a result of the transportation of grain after the harvest, fall fertilizer programs and increased demand for retail goods moved by rail. Operating income is also affected by seasonal fluctuations. Operating income is typically lowest in the first quarter due to lower freight revenue and higher operating costs associated with winter conditions. Net income is also influenced by seasonal fluctuations in customer demand and weather-related issues.

Regulations

Government Regulation

The Company's railway operations are subject to extensive federal laws, regulations and rules in both Canada and the U.S., which directly affect how operations and business activities are managed.

Operations are subject to economic and safety regulation in Canada primarily by the Canadian Transportation Agency ("the Agency"), Transport Canada, the CTA and the Railway Safety Act ("RSA"). The CTA provides shipper rate and service remedies, including final offer arbitration, competitive line rates and compulsory inter-switching in Canada. The Agency regulates the MRE for the movement of export grain, commuter and passenger access, charges for ancillary services and noise-related disputes. Transport Canada regulates safety-related aspects of railway operations in Canada.

The Company's U.S. operations are subject to economic and safety regulation by the Surface Transportation Board ("STB") and the Federal Railroad Administration ("FRA"). The STB is an economic regulatory body with jurisdiction over railroad rate and service issues and reviewing proposed railroad mergers and other transactions. The FRA regulates safety-related aspects of the Company's railway operations in the U.S. under the Federal Railroad Safety Act, as well as rail portions of other safety statutes.

Various other regulators directly and indirectly affect the Company's operations in areas such as health, safety, security, environmental and other matters.

Regulatory Change

On May 29, 2014, the Government of Canada enacted the Fair Rail for Grain Farmers Act (the "Fair Rail Act"). This legislation authorizes the federal cabinet to require the Company and CN to move a minimum amount of grain, which amount is determined by and may be adjusted by the federal cabinet. There is currently no minimum grain volume required by the federal cabinet. In addition, the Fair Rail Act expands the terms and conditions associated with the inter-switching provisions of the CTA in the provinces of Alberta, Saskatchewan and Manitoba, provides that the Agency make regulations specifying what constitutes operational terms that may be subject to service agreement arbitration, and gives the Agency the power to order a railway to compensate any person who has incurred expenses because of a failure to meet obligations under Sections 113 and 114 of the CTA, or does not meet its obligations under the terms of a confidential contract that includes a compensation clause. Further, the Fair Rail Act amends the Canada Grain Act to permit the regulation of contracts relating to grain and the arbitration of disputes respecting the provisions of those contracts.

After the tragic accident in Lac-Mégantic, Quebec in July of 2013 involving a non-related short-line railroad, the Government of Canada implemented several measures pursuant to the Rail Safety Act (Canada) and the Transportation of Dangerous Goods Act (Canada). These modifications implemented changes with respect to rules associated with securing unattended trains, the classification of crude being imported, handled, offered for transport or transported, and the provision of information to municipalities through which dangerous goods are transported by rail. The U.S. federal government has taken similar actions. These changes did not have a material impact on CP's operating practices.

On February 20, 2015, the Government of Canada introduced Bill C-52 "An Act to amend the CTA and the RSA", which received Royal Assent on June 18, 2015 to come into force upon a date set by Order of Council. Bill C-52 sets out new minimum insurance requirements for federally regulated railways based on: amounts of crude and toxic inhalation hazards/poisonous inhalation hazards moved; imposes strict liability; limits railway liability to the minimum insurance level; mandates the creation of a fund of $250 million paid for by crude shippers, to be utilized for damages beyond $1 billion (in respect of CP); allows railways and insurers to have existing rights to pursue other parties (subrogation); and prevents shifting liability to shippers from railways except through written agreement. It is too soon for the Company to determine the impact that these amendments to the CTA and the RSA will have on the Company's financial condition and results from operations.

On May 1, 2015, the U.S. Transportation Secretary announced the final rule for new rail tank car standard for flammable liquids and the retrofitting schedule for older tank cars used to transport flammable liquids. The development of the new tank car standard was done in coordination between Transport Canada, the U.S. Pipeline and Hazardous Materials Safety Administration ("PHMSA") and the FRA. This announcement was followed by publishing the new tank car standard in Canada on May 20, 2015. The new tank car standards require new tanks used to move flammable liquids to have: top-fitting protection; thermal protection including a jacket; the use of 9/16 inch normalized steel for the tank car; full head shield; and improved bottom outlet valves. In the U.S. the new standards also included new operational protocols for trains transporting large volumes of flammable liquids such as the use of electronically controlled pneumatic ("ECP") brakes for trains carrying 70 or more cars of flammable liquids, routing requirements, speed restrictions, and information for local government agencies. The U.S. rule also provides new sampling and testing requirements for the classification of energy products placed into transport. In Canada, operational protocols such as speed restrictions to 40 miles per hour in census metropolitan areas, crude sampling and testing requirements, and sharing information with municipal first responders, had previously been implemented. CP does not own any tank cars used for commercial transportation of hazardous commodities.

On October 29, 2015, the Surface Transportation Extension Act of 2015 was signed into law. The law extends, by three years, the deadline for the U.S. rail industry to implement Positive Train Control ("PTC"), a set of highly advanced technologies designed to

prevent train-to-train collisions, speed-related derailments, and other accidents caused by human error by determining the precise location, direction and speed of trains, warning train operators of potential problems, and taking immediate action if an operator does not respond. Legislation passed by the U.S. Congress in 2008 mandated that PTC systems be put into service by the end of 2015 on rail lines used to transport passengers or toxic-by-inhalation materials. The Surface Transportation Extension Act of 2015 extended the deadline to install and activate PTC to December 31, 2018, allowing the Company additional time to ensure safe and effective implementation of PTC on its rail network.

For further details on the capital expenditures associated with compliance with the PTC regulatory mandate, refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources.

On December 4, 2015 the Fixing America's Surface Transportation ("FAST") Act was signed into law, representing the first long-term transportation legislation enacted in the U.S. in over a decade. The FAST Act contains key provisions on safety enhancements for tank cars moving flammable liquids in the U.S. and ECP train braking. Among those key provisions, the FAST Act requires new tank cars to be equipped with thermal blankets, requires all legacy DOT-111 tank cars moving flammable liquids to be upgraded to new retrofit standards(regardless of how many cars may be in a train), and sets minimum requirements for protection of certain valves. While the law preserves PHMSA's May 2015 final rule mandating ECP brakes on certain trains, it requires an independent evaluation of this braking technology and a real-world derailment test. The FAST Act further calls for the U.S. Secretary of Transportation to re-evaluate its ECP final rule within the next two years using the results of this evaluation to determine whether ECP braking system requirements are justified.

Finally, the STB Reauthorization Act of 2015 was signed into law on December 18, 2015. The law requires numerous changes to the structure and composition of the STB, removing it from under the Department of Transportation and establishing the STB as an independent U.S. agency, as well as increasing STB Board membership from three to five members. Notably, the law vests in the STB certain limited enforcement powers, by authorizing it to investigate rail carrier violations on the STB Board's own initiative. The law also requires the STB to establish a voluntary binding arbitration process to resolve rail rate and practice disputes. It is too soon for the Company to anticipate the impact that these changes and new investigative authorities might have on CP, since the STB has yet to develop and propose rules implementing these laws.

Environmental Laws and Regulations

The Company's operations and real estate assets are subject to extensive federal, provincial, state and local environmental laws and regulations governing emissions to the air, discharges to waters and the handling, storage, transportation and disposal of waste and other materials. If the Company is found to have violated such laws or regulations it could have a material adverse effect on the Company's business or operating results. In addition, in operating a railway, it is possible that releases of hazardous materials during derailments or other accidents may occur that could cause harm to human health or to the environment. Costs of remediation, damages and changes in regulations could materially affect the Company's operating results and reputation.

The Company has implemented a comprehensive Environmental Management System to facilitate the reduction of environmental risk. CP's Annual Corporate Operations Environmental Plan states the current environmental goals, objectives and strategies.

Specific environmental programs are in place to address areas such as air emissions, wastewater, management of vegetation, chemicals and waste, storage tanks and fueling facilities. CP has also undertaken environmental impact assessments and risk assessments to identify, prevent and mitigate environmental risks. There is continued focus on preventing spills and other incidents that have a negative impact on the environment. There is an established Strategic Emergency Response Contractor network and spill equipment kits are located across Canada and the U.S. to ensure a rapid and efficient response in the event of an environmental incident. In addition, emergency preparedness and response plans are regularly updated and tested.

The Company has developed an environmental audit program that comprehensively, systematically and regularly assesses the Company's facilities for compliance with legal requirements and the Company's policies for conformance to accepted industry standards. Included in this is a corrective action follow-up process and semi-annual review by senior management.

CP focuses on key strategies, identifying tactics and actions to support commitments to the community. The Company's strategies include:

- protecting the environment;
- ensuring compliance with applicable environmental laws and regulations;
- promoting awareness and training;
- managing emergencies through preparedness; and
- encouraging involvement, consultation and dialogue with communities along the Company's lines.

Security

CP is subject to statutory and regulatory directives in Canada and the U.S. that address security concerns. CP plays a critical role in the North American transportation system. Rail lines, facilities and equipment, including railcars carrying hazardous materials, could be direct targets or indirect casualties of terrorist attacks. Regulations by the Department of Transportation and the Department of Homeland Security in the U.S. include speed restrictions, chain of custody and security measures, which can impact service and increase costs for the transportation of hazardous materials, especially toxic inhalation hazard ("TIH") materials. Legislative changes in Canada to the Transportation of Dangerous Goods Act are expected to add new security regulatory requirements similar to those in the U.S. In addition, insurance premiums for some or all of the Company's current coverage could increase significantly, or certain coverage may not be available to the Company in the future. While CP will continue to work closely with Canadian and U.S. government agencies, future decisions by these agencies on security matters or decisions by the industry in response to security threats to the North American rail network could have a material adverse effect on the Company's business or operating results.

CP takes the following security measures:

- CP employs its own police service that works closely with communities, other law enforcement and government agencies to promote railway safety and infrastructure security. As a railway law enforcement agency, CP Police Services are headquartered in Calgary, Alberta, with police officers assigned to over 25 field offices responsible for railway police operations in six Canadian provinces and 14 U.S. states. CP Police Services operate on the CP rail network as well as in areas where CP has non-railway operations.

- CP's Police Communication Centre ("PCC") operates 24 hours a day. The PCC receives reports of emergencies, dangerous or potentially dangerous conditions, and other safety and security issues from our employees, the public, and law enforcement and other government officials, and ensures that proper emergency responders are notified as well as governing bodies.

- CP's Security Management Plan is a comprehensive, risk-based plan modelled on and developed in conjunction with the security plan prepared by the Association of American Railroads post-September 11, 2001. Under this plan, CP routinely examines and prioritizes railroad assets, physical and cyber vulnerabilities, and threats, as well as tests and revises measures to provide essential railroad security. To address cyber security risks, CP implements mitigation programs that evolve with the changing technology threat environment. The Company has also worked diligently to establish backup sites to ensure a seamless transition in the event that the Company's operating systems are the target of a cyber-attack. By doing so, CP is able maintain network fluidity.

- CP security efforts consist of a wide variety of measures including employee training, engagement with our customers and training of emergency responders.

Available Information

CP makes available on or through its website www.cpr.ca free of charge, its annual reports on Form 10-K, quarterly reports, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such reports are filed with or furnished to the Securities and Exchange Commission ("SEC"). Also, filings made pursuant to Section 16 of the Securities Exchange Act of 1934 ("Exchange Act") with the SEC by our executive officers, directors and other reporting persons with respect to the Company's Common Shares are made available free of charge, through our website. Our website also contains charters for each of the committees of our Board of Directors, our corporate governance guidelines and our Code of Business Ethics. This Form 10-K and other SEC filings made by CP are also accessible through the SEC's website at www.sec.gov.

The Company has included the CEO and CFO certifications regarding the Company's public disclosure required by Section 302 of the Sarbanes-Oxley Act of 2002 as an Exhibit to this report.

ITEM 1A. RISK FACTORS

The risks set forth in the following risk factors could have a materially adverse effect on the Company's financial condition, results of operations, and liquidity, and could cause those results to differ materially from those expressed or implied in the Company's forward-looking statements.

The information set forth in this Item 1A. Risk Factors should be read in conjunction with the rest of the information included in this annual report, including Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8. Financial Statements and Supplementary Data.

As a common carrier, the Company is required by law to transport dangerous goods and hazardous materials, which could expose the Company to significant costs and claims. Railways, including CP, are legally required to transport dangerous goods and hazardous materials as part of their common carrier obligations regardless of risk or potential exposure of loss. CP transports dangerous goods and hazardous materials, including but not limited to crude oil, ethanol and TIH materials such as chlorine and anhydrous ammonia. A train accident involving hazardous materials could result in significant claims against CP arising from personal injury and property or natural resource damage, environmental penalties and remediation obligations. Such claims, if insured, could exceed the existing insurance coverage commercially available to CP, which could have a material adverse effect on CP's financial condition and liquidity. CP is also required to comply with rules and regulations regarding the handling of dangerous goods and hazardous materials in Canada and the U.S. Noncompliance with these rules and regulations can subject the Company to significant penalties and could factor in litigation arising out of a train accident. Changes to these rules and regulations could also increase operating costs, reduce operating efficiencies and impact service delivery.

The Company is subject to significant governmental legislation and regulation over commercial, operating and environmental matters. The Company's railway operations are subject to extensive federal laws, regulations and rules in both Canada and the U.S. Operations are subject to economic and safety regulations in Canada primarily by the Agency, Transport Canada, the CTA and the RSA. The Company's U.S. operations are subject to economic and safety regulation by the STB and the FRA. Various other regulators directly and indirectly affect the Company's operations in areas such as health, safety, security, environmental and other matters. Additional economic regulation of the rail industry by these regulators or the Canadian and U.S. legislatures, whether under new or existing laws, could have a significant negative impact on the Company's ability to determine prices for rail services and result in a material adverse effect in the future on the Company's financial position, results of operations, and liquidity in a particular year or quarter. This potential material adverse effect could also result in reduced capital spending on the Company's rail network or abandonment of lines.

The Company's compliance with safety and security regulations may result in increased capital expenditures and operating costs. For example, compliance with the Rail Safety Improvement Act of 2008 will result in additional capital expenditures associated with the statutorily mandated implementation of PTC. In addition to increased capital expenditures, implementation of such regulations may result in reduced operational efficiency and service levels, as well as increased operating expenses.

The Company's operations are subject to extensive federal, state, provincial and local environmental laws concerning, among other matters, emissions to the air, land and water and the handling of hazardous materials and wastes. Violation of these laws and regulations can result in significant fines and penalties as well as other potential impacts to CP's operations. These laws can impose strict, and in some circumstances, joint and several liability on both current and former owners and operators of facilities. Such environmental liabilities may also be raised by adjacent landowners or third parties. In addition, in operating a railway, it is possible that releases of hazardous materials during derailments or other accidents may occur that could cause harm to human health or to the environment. Costs of remediation, damages and changes in regulations could materially affect the Company's operating results and reputation. The Company has been, and may in the future be, subject to allegations or findings to the effect that it has violated, or is strictly liable under, environmental laws or regulations. The Company currently has obligations at existing sites for investigation, remediation and monitoring and will likely have obligations at other sites in the future. The actual costs associated with both current and long-term liabilities may vary from company estimates due to a number of factors including, but not limited to changes in: the content or interpretation of environmental laws and regulations; required remedial actions; technology associated with site investigation or remediation; and the involvement and financial viability of other parties that may be responsible for portions of those liabilities.

Global economic conditions could negatively affect demand for commodities and other freight transported by the Company. A decline or disruption in domestic or global economic conditions that affect the supply or demand for the commodities that CP transports may decrease CP's freight volumes and may result in a material adverse effect on CP's financial or operating results and liquidity. Economic conditions resulting in bankruptcies of one or more large customers could have a significant impact on CP's financial position, results of operations, and liquidity in a particular year or quarter.

The Company faces competition from other transportation providers, and failure to compete effectively could adversely affect results of operations, financial condition and liquidity. The Company faces significant competition for freight transportation in Canada and the U.S., including competition from other railways, pipelines, trucking and barge companies. Competition is based mainly on price, quality of service and access to markets. Other transportation providers generally use public rights-of-way that are built and maintained by government entities, while CP and other railroads must use internal resources to build and maintain their rail networks. Competition with the trucking industry is generally based on freight rates, flexibility of service and transit time performance.

Any future improvements or expenditures materially increasing the quality or reducing the cost of alternative modes of transportation, or legislation that eliminates or significantly reduces the burden of the size or weight limitations currently applicable to trucking carriers, could have a material adverse effect on CP's results of operations, financial condition, and liquidity.

The operations of carriers with which the Company interchanges may adversely affect operations. The Company's ability to provide rail services to customers in Canada and the U.S. largely depends upon its ability to maintain cooperative relationships with connecting carriers with respect to, among other matters, freight rates, revenue division, car supply and locomotive availability, data exchange and communications, reciprocal switching, interchange, and trackage rights. Deterioration in the operations or services provided by connecting carriers, or in the Company's relationship with those connecting carriers, could result in CP's inability to meet customers' demands or require the Company to use alternate train routes, which could result in significant additional costs and network inefficiencies.

The availability of qualified personnel could adversely affect the Company's operations. Changes in employee demographics, training requirements, and the availability of qualified personnel, particularly locomotive engineers and trainpersons, could negatively impact the Company's ability to meet demand for rail services. Unpredictable increases in the demand for rail services may increase the risk of having insufficient numbers of trained personnel, which could have a material adverse effect on the Company's results of operations, financial condition, and liquidity. In addition, changes in operations and other technology improvements may significantly impact the number of employees required to meet the demand for rail services.

Strikes or work stoppages could adversely affect the Company's operations. Class I railroads are party to collective bargaining agreements with various labour unions. The majority of CP's employees belong to labour unions and are subject to these agreements. Disputes with regard to the terms of these agreements or the Company's potential inability to negotiate acceptable contracts with these unions could result in, among other things, strikes, work stoppages, slowdowns or lockouts, which could cause a significant disruption of the Company's operations and have a material adverse effect on the Company's results of operations, financial condition, and liquidity. Additionally, future national labour agreements, or provisions of labour agreements related to health care, could significantly increase the Company's costs for health and welfare benefits, which could have a material adverse impact on its financial condition and liquidity.

The Company may be subject to various claims and lawsuits that could result in significant expenditures. The Company by the nature of its operation is exposed to the potential for a variety of litigations, lawsuits and other claims, including personal injury claims, labour and employment, commercial and contract disputes, environmental liability, freight claims and property damage claims. In respect of workers' claims in Canada related to occupational health and safety, the Workers' Compensation Act (Canada) covers those matters. In the U.S., the Federal Employer's Liability Act ("FELA") is applicable to railroad employees. A provision for lawsuits or other claims will be accrued according to applicable accounting standards, reflecting the assessment of the actual damages incurred based upon the facts and circumstances known at the time. Any material changes to litigation trends, a catastrophic rail accident or series of accidents involving freight loss, property damage, personal injury, environmental liability or other significant matters could have a material adverse effect on the Company's results of operations, financial position, and liquidity, in each case, to the extent not covered by insurance.

The Company may be affected by acts of terrorism, war, risk of war or regulatory changes to combat the risk of terrorism or war. CP plays a critical role in the North American transportation system, and therefore could become the target for acts of terrorism or war. CP is also involved in the transportation of hazardous materials, which could result in CP equipment or infrastructure being direct targets or indirect casualties of terrorist attacks. Acts of terrorism, or other similar events, any government response thereto, and war or risk of war could cause significant business interruption losses to CP and may adversely affect the Company's results of operations, financial condition, and liquidity.

Severe weather or natural disasters could result in significant business interruptions and costs to the Company. CP is exposed to severe weather conditions including earthquakes, floods, fires, avalanches, mudslides, extreme temperatures and significant precipitation that may cause business interruptions that can adversely affect the Company's entire rail network and result in increased costs, increased liabilities and decreased revenues, which could have a material adverse effect on the Company's results of operations, financial condition, and liquidity. Insurance maintained by the Company to protect against loss of business and other related consequences resulting from these natural occurrences is subject to coverage limitations, depending on the nature of the risk insured. This insurance may not be sufficient to cover all of the Company's damages or damages to others, and this insurance may not continue to be available at commercially reasonable rates. Even with insurance, if any natural occurrence leads to a catastrophic interruption of services, the Company may not be able to restore services without a significant interruption in operations.

The Company relies on technology and technological improvements to operate its business. Information technology is critical to all aspects of CP's business. If the Company were to experience a significant disruption or failure of one or more of the information technology or communications systems (either a result of an intentional cyber or malicious act or an unintentional error) it could result in service interruptions or other failures, misappropriation of confidential information and deficiencies, which could have a material adverse effect on the Company's results of operations, financial condition, and liquidity. If CP is unable to acquire or implement new technology, the Company may suffer a competitive disadvantage, which could also have an adverse effect on its results of operations, financial condition, and liquidity.

The state of capital markets could adversely affect the Company's liquidity. Weakness in the capital and credit markets could negatively impact the Company's access to capital. From time to time, the Company relies on the capital markets to provide some of its capital requirements, including the issuance of long-term debt instruments and commercial paper. Significant instability or disruptions of the capital markets and the credit markets, or deterioration of the Company's financial condition due to internal or external factors could restrict or eliminate the Company's access to, and/or significantly increase the cost of, various financing sources, including bank credit facilities and issuance of corporate bonds. Instability or disruptions of the capital markets and deterioration of the Company's financial condition, alone or in combination, could also result in a reduction in the Company's credit rating to below investment grade, which could also further prohibit or restrict the Company from accessing external sources of short and long-term debt financing, and/or significantly increase the associated costs.

Disruptions within the supply chain could negatively affect the Company's operational efficiencies and increase costs. The North American transportation system is integrated. CP's operations and service may be negatively impacted by service disruptions of other transportation links, such as ports, handling facilities, customer facilities, and other railways. A prolonged service disruption at one of these entities could have a material adverse effect on the Company's results of operations, financial condition, and liquidity.

The Company may be affected by fluctuating fuel prices. Fuel expense constitutes a significant portion of the Company's operating costs. Fuel prices can be subject to dramatic fluctuations, and significant price increases could have a material adverse effect on the Company's results of operations. The Company currently recovers a significant amount of its fuel expenses from customers through fuel surcharge revenues, but the Company cannot be certain that it will always be able to mitigate rising or elevated fuel costs through fuel surcharge revenues. Factors affecting fuel prices include: worldwide oil demand, international politics, weather, refinery capacity, supplier and upstream outages, unplanned infrastructure failures, and labour and political instability.

The Company is dependent on certain key suppliers of core railway equipment and materials that could result in increased price volatility or significant shortages of materials, which could adversely affect results of operations, financial condition, and liquidity. Due to the complexity and specialized nature of core railway equipment and infrastructure (including rolling stock equipment, locomotives, rail and ties), there can be a limited number of suppliers of rail equipment and materials available. Should these specialized suppliers cease production or experience capacity or supply shortages, this concentration of suppliers could result in CP experiencing cost increases or difficulty in obtaining rail equipment and materials, which could have a material adverse effect on the Company's results of operations, financial condition, and liquidity. Additionally, CP's operations are dependent on the availability of diesel fuel. A significant fuel supply shortage arising from production decreases, increased demand in existing or emerging foreign markets, disruption of oil imports, disruption of domestic refinery production, damage to refinery or pipeline infrastructure, political unrest, war or other factors, could have a material adverse effect on the Company's results of operations, financial position, and liquidity in a particular year or quarter.

The Company may be directly and indirectly affected by the impacts of global climate change. The impact of global climate change may affect the Company both directly and indirectly. There is potential for significant impacts on CP's infrastructure due to changes in temperature and precipitation as well as increases in extreme weather events such as flooding and storms. These changes may result in substantial costs to respond during the event, recover from the event and possibly to modify existing or future infrastructure requirements to prevent recurrence. Government action to address climate change may involve both economic instruments such as carbon taxation as well as restrictions on economic sectors such as cap and trade. The Company is subject to carbon taxation systems in some of the jurisdictions in which it operates and there is a possibility in other jurisdictions in the future. As a significant consumer of diesel fuel, these carbon taxes increase the Company's business costs. While the Company is not currently subject to a cap on emissions, there is also a possibility in the future. Cap and trade programs or other government restrictions on certain market sectors can also impact current and potential customers including thermal coal and petroleum crude oil.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

CP provides rail and intermodal freight transportation services over a 12,500-mile track network, serving the principal business centres of Canada, from Montreal, Quebec to Vancouver, B.C., and the U.S. Midwest and Northeast regions. The Company's railway feeds directly into the U.S. heartland from the East and West coasts. Agreements with other carriers extend the Company's market reach east of Montreal in Canada, through the U.S. and into Mexico.

Network Geography

The Company's network extends from Port Metro Vancouver on Canada's Pacific Coast to the Port of Montreal in Eastern Canada, and to the U.S. industrial centres of Chicago, Illinois; Detroit, Michigan; Buffalo, New York; Kansas City, Missouri; and Minneapolis, Minnesota.

The Company's network is composed of three primary corridors: Western, Central and Eastern.

The Western Corridor: Vancouver to Thunder Bay

Overview **–** The Western Corridor links Vancouver with Thunder Bay, which is the Western Canadian terminus of the Company's Eastern Corridor. With service through Calgary, Alberta, the Western Corridor is an important part of the Company's routes between Vancouver and the U.S. Midwest, and between Vancouver and Eastern Canada. The Western Corridor provides access to the Port of Thunder Bay, Canada's primary Great Lakes bulk terminal.

Products **–** The Western Corridor is the Company's primary route for bulk and resource products traffic from Western Canada to Port Metro Vancouver for export. CP also handles significant volumes of international intermodal containers and domestic general merchandise traffic.

Feeder Lines **–** CP supports its Western Corridor with four significant feeder lines: the "Coal Route", which links southeastern B.C. coal deposits to the Western Corridor and to coal terminals at the Port Metro Vancouver; the "Edmonton-Calgary Route", which provides rail access to Alberta's Industrial Heartland in addition to the petrochemical facilities in central Alberta; the "Pacific CanAm Route", which connects Calgary and Medicine Hat in Alberta with Pacific Northwest rail routes at Kingsgate, B.C. via Crowsnest Pass, Alberta; and the "North Main Line Route" that provides rail service to customers between Portage la Prairie, Manitoba and Wetaskiwin, Alberta, including intermediate points Yorkton and Saskatoon in Saskatchewan. This line is an important collector of Canadian grain and fertilizer, serving the potash mines located east and west of Saskatoon and many high-throughput grain elevators and processing facilities. In addition, this line provides direct access to refining and upgrading facilities at Lloydminster, Alberta and Western Canada's largest pipeline terminal at Hardisty, Alberta.

Connections **–** The Company's Western Corridor connects with the Union Pacific Railroad ("UP") at Kingsgate and with BNSF at Coutts, Alberta, and at New Westminster and Huntingdon in B.C. This corridor also connects with CN at many locations including Thunder Bay, Winnipeg, Regina and Saskatoon in Saskatchewan, Red Deer, Camrose, Calgary and Edmonton in Alberta, Kamloops, B.C. and several locations in the Greater Vancouver area.

Yards and Repair Facilities – CP supports rail operations on the Western Corridor with main rail yards at Vancouver, Calgary, Edmonton, Alberta, Moose Jaw in Saskatchewan, Winnipeg and Thunder Bay. CP also has major intermodal terminals at Vancouver, Calgary, Edmonton, Regina and Winnipeg. The Company has locomotive and railcar repair facilities at Golden, Vancouver, Calgary, Moose Jaw and Winnipeg.

The Central Corridor: Moose Jaw and Winnipeg to Chicago and Kansas City

Overview – The Central Corridor connects with the Western Corridor at Moose Jaw and Winnipeg. By running south to Chicago and Kansas City through the Twin Cities of Minneapolis and St. Paul, Minnesota and Milwaukee, Wisconsin, CP provides a direct, single-carrier route between Western Canada and the U.S. Midwest, providing access to Great Lakes and Mississippi River ports. From La Crosse, Wisconsin, the Central Corridor continues south towards Kansas City via the Quad Cities (which includes Davenport and Bettendorf in Iowa, and Rock Island, Moline and East Moline in Illinois), providing an efficient route for traffic destined for southern U.S. and Mexican markets. CP's Kansas City line also has a direct connection into Chicago and by extension to points east on CP's network such as Toronto, Ontario and the Port of Montreal.

Products – Traffic transported on the Central Corridor include intermodal containers from Port Metro Vancouver, fertilizers, chemicals, crude, grain, automotive and other agricultural products.

Feeder Lines – The Company has operating rights over the BNSF line between Minneapolis and the twin ports of Duluth, Minnesota and Superior, Wisconsin. CP maintains its own yard facilities at the Twin Ports that provide an outlet for grain from the U.S. Midwest to the grain terminals at these ports, and a strategic entry point for large dimensional shipments that can be routed via CP's network to locations such as Alberta's Industrial Heartland to serve the needs of the oil sands and energy industry. The DM&E route from Winona, Minnesota to Tracy, Minnesota provides access to key agricultural and industrial commodities. CP's feeder line between Drake and Newtown in North Dakota is geographically situated in a highly strategic region for Bakken oil production. CP also owns two significant feeder lines in North Dakota and western Minnesota operated by the Dakota Missouri Valley and Western Railroad, and the Northern Plains Railroad respectively. Both of these short lines are also active in providing service to agricultural and Bakken-oil related customers.

Connections – The Company's Central Corridor connects with all major railways at Chicago. Outside of Chicago, CP has major connections with BNSF at Minneapolis and at Minot, North Dakota and with UP at St. Paul and Mankato, Minnesota. CP connects with CN at Milwaukee and Chicago. At Kansas City, CP connects with Kansas City Southern ("KCS"), BNSF, NS and UP. CP's Central Corridor also links to several short-line railways that primarily serve grain and coal producing areas in the U.S., and extend CP's market reach in the rich agricultural areas of the U.S. Midwest.

Yards and Repair Facilities – The Company supports rail operations on the Central Corridor with main rail yards in Chicago, Milwaukee, Wisconsin, St. Paul and Glenwood in Minnesota, and Mason City and Nahant in Iowa. CP owns 49% of the Indiana Harbor Belt, a switching railway serving Greater Chicago and northwest Indiana, and has a major intermodal terminal in Chicago and one in Minneapolis. In addition, CP has a major locomotive repair facility at St. Paul and car repair facilities at St. Paul and Chicago. CP shares a yard with KCS in Kansas City.

The Eastern Corridor: Thunder Bay to Montreal, Detroit and Albany, New York

Overview – The Eastern Corridor extends from Thunder Bay through to its eastern terminus at Montreal and from Toronto to Chicago via Windsor, Ontario/Detroit, Michigan. The Company's Eastern Corridor provides shippers direct rail service from Toronto and Montreal to Calgary and Vancouver via the Company's Western Corridor and to the U.S. via the Central Corridor. This is a key element of the Company's transcontinental intermodal service. Other services include truck trailers moving in drive-on/drive-off Expressway service between Montreal and Toronto. The corridor also supports the Company's market position at the Port of Montreal by providing one of the shortest rail routes for European cargo destined to the U.S. Midwest, using the CP-owned route between Montreal and Detroit, coupled with a trackage rights arrangement on NS tracks between Detroit and Chicago.

Products – Major traffic categories transported in the Eastern Corridor include forest, chemicals and plastics, crude, metals, minerals and consumer products, intermodal containers, automotive products and general merchandise.

Feeder Lines – A major feeder line that serves the steel industry at Hamilton, Ontario provides connections to the Company's Northeast U.S. corridor and both CSX Corporation ("CSX") and NS at Buffalo. The D&H feeder line extends from Montreal to Albany.

Connections – The Eastern Corridor connects with a number of short-line railways including routes from Montreal to Quebec City, Quebec and Montreal to St. John, New Brunswick and Searsport, Maine. Connections are also made with PanAm Southern at Mechanicville for service to the Boston area and New England and the Vermont Railway at Whitehall, New York. Through haulage arrangements, CP has service to Fresh Pond, New York to connect with New York & Atlantic Railway and Philadelphia as well as a number of short-lines in Pennsylvania. Connections are also made with CN at a number of locations, including Sudbury, North Bay, Windsor, London, Hamilton, and Toronto in Ontario and Montreal and at Detroit. CP connects with NS and CSX at Buffalo, NS at Schenectady, New York and CSX at Albany.

Yards and Repair Facilities – CP supports its rail operations in the Eastern Corridor with major rail yards at Sudbury, Toronto, London in Ontario and Montreal. The Company's largest intermodal facility is located in the northern Toronto suburb of Vaughan and serves the Greater Toronto and southwestern Ontario areas. CP also operates intermodal terminals at Montreal and Detroit. Terminals for the Company's Expressway service are located in Montreal and at Milton, Ontario in the Greater Toronto area.

The Company has locomotive repair facilities at Montreal and Toronto and car repair facilities at Thunder Bay, Toronto and Montreal.

Right-of-Way

The Company's rail network is standard gauge, which is used by all major railways in Canada, the U.S. and Mexico. Continuous welded rail is used on the core main line network.

CP uses different train control systems on portions of the Company's owned track, depending on the volume of rail traffic. Remotely controlled centralized traffic control signals are used to authorize the movement of trains. CP is currently in the development stage of its PTC strategy for portions of its U.S. network.

In other corridors, train movements are directed by written instructions transmitted electronically and by radio from rail traffic controllers to train crews. In some specific areas of intermediate traffic density, CP uses an automatic block signaling system in conjunction with written instructions from rail traffic controllers.

Track and Infrastructure

With a track network of approximately 12,500 miles, CP owns approximately 9,000 miles of track. An additional 3,500 miles of track are owned jointly, leased or operated under trackage rights. The track miles reflect the size of CP's network that connects markets, customers and other railroads. Of the total mileage operated, approximately 5,700 miles are located in Western Canada, 1,900 miles in Eastern Canada, 4,500 miles in the U.S. Midwest and 400 miles in the U.S. Northeast. CP's network accesses the U.S. market directly through three wholly owned subsidiaries: Soo Line Railroad Company ("Soo Line"), a Class I railway operating in the U.S. Midwest; DM&E, a wholly owned subsidiary of the Soo Line, which operates in the U.S. Midwest; and the Delaware and Hudson Railway Company, Inc. ("D&H"), which operates between Eastern Canada and major U.S. Northeast markets, including New York City, New York; Philadelphia, Pennsylvania; and Washington, D.C.

At December 31, 2015, the breakdown of track miles is as follows:

	Total
First main track	12,559
Second and other main track	1,203
Passing sidings and yard track	4,285
Industrial and way track	810
Total track miles	18,857

Rail Facilities

CP operates numerous facilities including: terminals for intermodal and other freight; classification rail yards for train-building and switching, storage-in-transit and other activities; offices to administer and manage operations; dispatch centres to direct traffic on the rail network; crew quarters to house train crews along the rail line; shops and other facilities for fueling; maintenance and repairs of locomotives; and facilities for maintenance of freight cars and other equipment. Typically in all of our major yards, CP Police Services have offices to ensure the safety and security of the yards and operations.

The following table includes our major yards and terminals on CP's network:

Major Classification Yards	Major Intermodal Terminals
Vancouver, British Columbia	Vancouver, British Columbia
Calgary, Alberta	Calgary, Alberta
Edmonton, Alberta	Edmonton, Alberta
Moose Jaw, Saskatchewan	Regina, Saskatchewan
Winnipeg, Manitoba	Winnipeg, Manitoba
Toronto, Ontario	Vaughan, Ontario
Montreal, Quebec	Montreal, Quebec
Chicago, Illinois	Chicago, Illinois
St Paul, Minnesota	St Paul, Minnesota

Equipment

CP's equipment includes: owned and leased locomotives and railcars; heavy maintenance equipment and machinery; other equipment and tools in our shops, offices, and facilities; and vehicles for maintenance, transportation of crews, and other activities.

The Company's locomotive fleet is composed of largely high-adhesion alternating current locomotives that are more fuel-efficient and reliable and have superior hauling capacity, compared with standard direct current locomotives. As of December 31, 2015, the Company had 600 locomotives in storage; as a result, the Company does not foresee the need to acquire new locomotives for the next several years. As of December 31, 2015, CP owned or leased the following locomotive units:

Locomotives	Owned	Leased	Total	Average Age (in years)
Road freight				
High-adhesion alternating current	726	43	769	10
Standard direct current	412	—	412	30
Road switcher	344	—	344	23
Yard switcher	24	—	24	36
Total locomotives	**1,506**	**43**	**1,549**	**25**

CP owns and leases a fleet of 39,420 freight cars. Owned freight cars include units acquired by CP, equipment leased to third parties, and under capitalized leases. Leased freight cars include all units under a short-term or long-term operating lease or financed equipment. As of December 31, 2015, CP owned and leased the following units of freight cars:

Freight cars	Owned	Leased	Total	Average Age (in years)
Box car	2,160	784	2,944	31
Covered hopper	7,142	12,793	19,935	28
Flat car	1,593	693	2,286	23
Gondola	2,863	2,700	5,563	20
Intermodal	1,333	—	1,333	13
Multi-level autorack	2,875	642	3,517	28
Company service car	2,672	243	2,915	47
Open top hopper	355	352	707	28
Tank car	28	192	220	10
Total freight cars	**21,021**	**18,399**	**39,420**	**28**

As of December 31, 2015, CP owned and leased the following units of intermodal equipment:

Intermodal equipment	Owned	Leased	Total	Average Age (in years)
Containers	6,625	1,730	8,355	8
Chassis	5,150	856	6,006	12
Total intermodal equipment	**11,775**	**2,586**	**14,361**	**10**

Headquarters Office Building

CP owns and operates a multi-building campus in Calgary, encompassing the head office building, a data centre, training facility, and other office and operational buildings.

The Company's main dispatch centre is located in Calgary, and is the primary dispatching facility in Canada. Rail Traffic Controllers coordinate and dispatch crews, and manage the day-to-day locomotive management along the network, 24 hours a day and seven days a week. The operations centre has a complete backup system in the event of any power disruption.

In addition to fully operational redundant systems, CP has a fully integrated Business Continuity Centre, should CP's operations centre be affected by any natural disaster, fire, cyber-attack, or hostile threat.

CP also maintains a secondary dispatch centre located in Minneapolis, Minnesota, where a facility similar to the one in Calgary exists. It services the dispatching needs of locomotives and train crews working out of the U.S.

Capital Expenditures

The Company incurs expenditures to expand and enhance its rail network, rolling stock and other infrastructure. These expenditures are aimed at improving efficiency and safety of our operations. Such investments are also an integral part of the Company's multi-year capital program and supports growth initiatives. For further details, refer to Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources.

Encumbrances

Refer to Item 8. Financial Statements and Supplementary Data, Note 19 Debt, for information on the Company's capital lease obligations and assets held as collateral under these agreements.

ITEM 3. LEGAL PROCEEDINGS

For further details refer to Item 8. Financial Statements and Supplementary Data, Note 27 Commitments and Contingencies.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

Our executive officers generally are elected and designated annually by the Board of Directors at its first meeting held after the annual meeting of shareholders, and they hold office until their successors are elected. Executive officers also may be elected and designated throughout the year as the Board of Directors considers appropriate. There are no family relationships among our officers, nor any arrangement or understanding between any officer and any other person pursuant to which the officer was selected. As of the date of this filing, the executive officers' names, ages and business experience are:

Name, Age and Position	Business Experience
E. Hunter Harrison, 71 Chief Executive Officer	Mr. Harrison has been the Chief Executive Officer of CP since February 5, 2013. Prior to his current role he was the President and Chief Executive Officer from June 2012 to February 2013. Prior to joining CP, Mr. Harrison was retired from January 2010 to June 2012 and served as President and Chief Executive Officer at CN from 2003 to 2009 and as the Executive Vice-President and Chief Operating Officer from 1998 to 2002. He served on CN's Board of Directors for 10 years. Prior to joining CN, Mr. Harrison was President and CEO at Illinois Central Corporation ("IC"), and Illinois Central Rail Road Company ("ICRR") from 1993 to 1998, during which time he was also a member of the Board. Mr. Harrison held various positions throughout his time at IC and ICRR, including Vice-President, COO and Senior VP of Operations.
Keith E. Creel, 47 President and Chief Operating Officer	Mr. Creel has been the President and Chief Operating Officer of CP since February 5, 2013. Prior to joining CP, Mr. Creel was Executive Vice-President and Chief Operating Officer at CN from January 2010 to February 2013. During his time at CN, Mr. Creel held various positions including Executive Vice-President, Operations, Senior Vice-President Eastern Region, Senior Vice-President Western Region, and Vice-President of the Prairie Division. Mr. Creel began his railroad career at Burlington Northern Railway in 1992 as an intermodal ramp manager in Birmingham, Alabama. He also spent part of his career at Grand Trunk Western Railroad as a superintendent and general manager, and at Illinois Central Railroad as a trainmaster and director of corridor operations, prior to its merger with CN in 1999.
Jeffrey J. Ellis, 48 Chief Legal Officer and Corporate Secretary	Mr. Ellis has been the Chief Legal Officer and Corporate Secretary of CP since November 23, 2015. Prior to joining CP, Mr. Ellis held various roles at BMO Financial Group, including Executive Vice-President and U.S. General Counsel from April 2013 to November 2015, Senior Vice-President, Deputy General Counsel and Assistant Corporate Secretary, Personal & Commercial U.S. BMO Financial Group from November 2011 to April 2013, and Vice-President, Deputy General Counsel and Assistant Corporate Secretary, Personal & Commercial Canada BMO Financial Group from April 2006 to November 2011. Mr. Ellis has a JD and LLM from Osgoode Hall Law School, an MBA from the Richard Ivey School of Business at the University of Western Ontario and a BA and MA from the University of Toronto. Prior to joining BMO Financial Group, Mr. Ellis practiced corporate and commercial law at Borden Ladner Gervais LLP.
Mark J. Erceg, CFA, 46 Executive Vice-President and Chief Financial Officer	Mr. Erceg has been the Executive Vice-President and Chief Financial Officer of CP since May 18, 2015. Prior to joining CP, Mr. Erceg was Executive Vice-President and Chief Financial Officer of Masonite International Corporation from June 2010 to May 2015. Masonite International is a leading global designer and manufacturer of interior and exterior doors with annual revenues of approximately $1.8 billion. Before joining Masonite International, Mr. Erceg worked at Procter & Gamble for 18 years in roles of increasing responsibility. Mr. Erceg has earned the right to use the Chartered Financial Analyst designation and holds a bachelor's degree in Accounting and an MBA from Indiana University's Kelly School of Business.
Peter J. Edwards, 55 Vice-President, Human Resources and Labour Relations	Mr. Edwards has been the Vice-President, Human Resources and Labour Relations of CP since June 5, 2013 and was the Vice-President, Human Resources and Industrial Relations from May 2010 to June 2013. Prior to joining CP, Mr. Edwards held senior human resources related positions at Labatt Breweries/Interbrew and CN. He has also co-authored two books on managing a changing railway (How We Work and Why and Change, Leadership, Mud and Why). Mr. Edwards also co-authored "SwitchPoints: Culture Change on the *Fast Track to Business Success*". Mr. Edwards holds a bachelor's and master's degree in Industrial Relations from Queen's University in Ontario.

Laird J. Pitz, 71 Vice-President and Chief Risk Officer	Mr. Pitz has been Vice-President and Chief Risk Officer of CP since October 29, 2014 and was the Vice-President Security and Risk Management of CP from April 2014 to October 2014. Prior to joining CP, Mr. Pitz was retired from March 2012 to April 2014 and Vice-President, Risk Mitigation, of CN from September 2003 to March 2012. Mr. Pitz, a Vietnam War veteran and former Federal Bureau of Investigation special agent, is a 40-year career professional who has directed strategic and operational risk mitigation, security and crisis management functions for companies operating in a wide range of fields including defence, logistics and transportation.
Michael J. Redeker, 55 Vice-President and Chief Information Officer	Mr. Redeker has been the Vice-President and Chief Information Officer of CP since October 15, 2012. Prior to joining CP, Mr. Redeker was the Vice-President and Chief Information Officer of Alberta Treasury Branch from May 2007 to September 2012. He also spent 11 years at IBM Canada, where he focused on delivering quality information technology services within the financial services industry.
Mark K. Wallace, 46 Vice-President, Corporate Affairs and Chief of Staff	Mr. Wallace has been the Vice-President, Corporate Affairs and Chief of Staff of CP since September 21, 2012 and was the Chief of Staff – Office of the President and CEO of CP from July 2012 to September 2012. Prior to joining CP, Mr. Wallace held the title of Client Partner at Longview Communications from January 2012 to April 2012 and was the head of Investor Relations at Husky Injection Molding Systems Inc. from July 2010 to July 2011. Mr. Wallace has also spent over 15 years in various senior management positions with CN, including leading the Public Affairs function in both Canada and the U.S., holding the role of Chief of Staff in the Office of the President and CEO and working in Investor Relations for over six years.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Share Price and Dividend Information

CP's Common Shares are listed on the TSX and on the NYSE under the symbol "CP". The tables below present for the quarters indicated, information on the dividends declared and the high and low share price of CP's Common Shares. The decision to declare any future cash dividend, including the amount of any such dividend and the establishment of record and payment dates, will be determined, in each quarter, by the Company's Board of Directors, in its sole discretion.

Following table indicates share data of CP's Common Shares listed on the TSX (in Canadian dollars):

		Q1	Q2	Q3	Q4	YTD
2015	**Dividends**	**$0.3500**	**$0.3500**	**$0.3500**	**$0.3500**	**$1.4000**
	Common Share Price					
	High	**$245.05**	**$241.73**	**$212.06**	**$204.40**	**$245.05**
	Low	**$205.95**	**$195.69**	**$172.01**	**$168.12**	**$168.12**
2014	Dividends	$0.3500	$0.3500	$0.3500	$0.3500	$1.4000
	Common Share Price					
	High	$176.72	$202.08	$236.04	$247.56	$247.56
	Low	$155.02	$156.64	$192.79	$197.14	$155.02

Following table indicates share data of CP's Common Shares listed on the NYSE (in U.S. dollars):

		Q1	Q2	Q3	Q4	YTD
2015	**Dividends**	**$0.2800**	**$0.2840**	**$0.2640**	**$0.2520**	**$1.0800**
	Common Share Price					
	High	**$194.66**	**$198.44**	**$163.39**	**$157.82**	**$198.44**
	Low	**$173.69**	**$158.04**	**$129.83**	**$122.27**	**$122.27**
2014	Dividends	$0.3130	$0.3260	$0.3160	$0.3010	$1.2560
	Common Share Price					
	High	$159.77	$186.00	$210.87	$220.20	$220.20
	Low	$139.37	$142.73	$179.90	$170.51	$139.37

Share Capital

At February 26, 2016, the latest practicable date, there were 153,021,661 Common Shares and no preferred shares issued and outstanding, which consists of 15,222 holders of record of the Company's Common Shares. In addition, CP has a Management Stock Option Incentive Plan (“MSOIP”), under which key officers and employees are granted options to purchase CP shares. Each option granted can be exercised for one Common Share. At February 26, 2016, 2.7 million options were outstanding under the Company’s MSOIP and stand-alone option agreements entered into with Mr. E. Hunter Harrison and Mr. Keith E. Creel. There are 1.5 million options available to be issued by the Company’s MSOIP in the future.

CP has a Director's Stock Option Plan (“DSOP”), under which directors are granted options to purchase CP shares. There are no outstanding options under the DSOP, which has 0.3 million options available to be issued in the future.

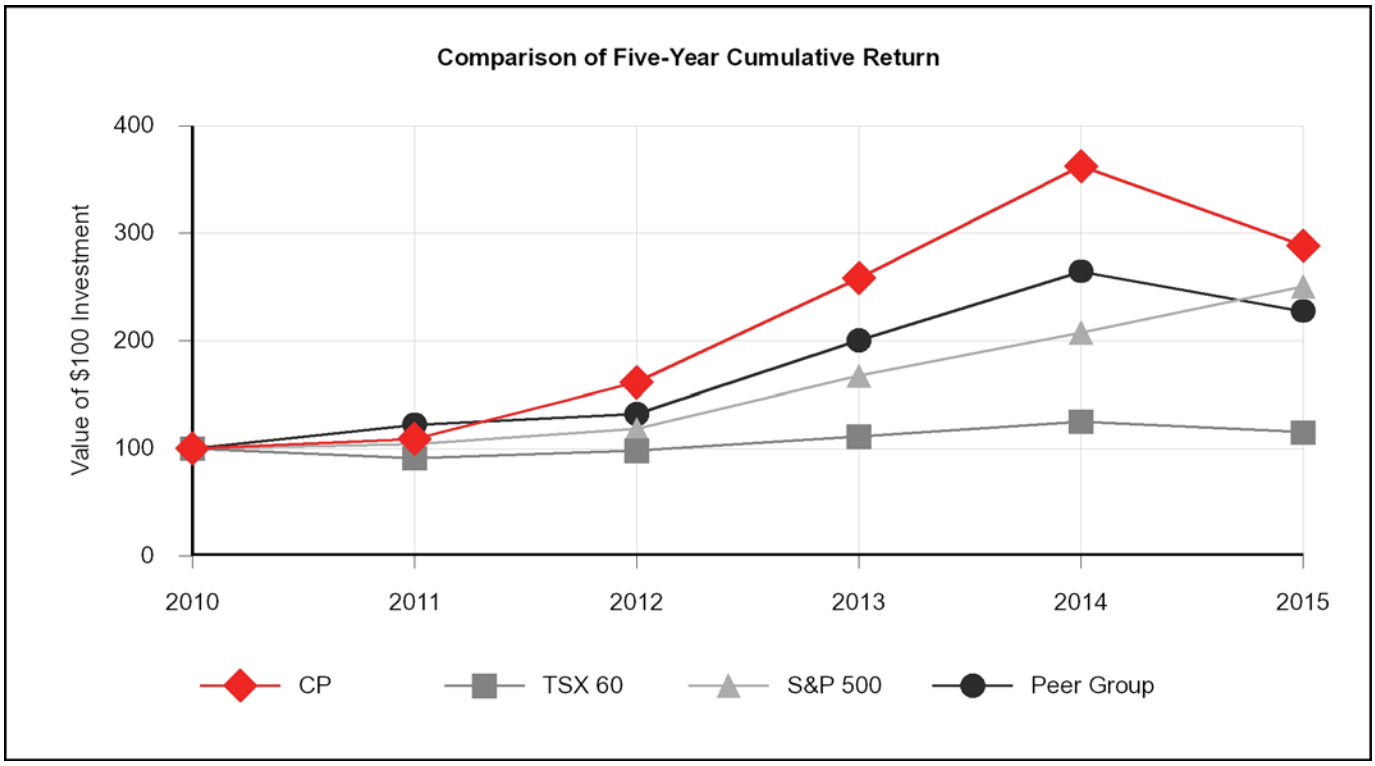
Securities Authorized for Issuance Under Equity Compensation Plans

For further details, refer to Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters for information about securities authorized for issuance under our equity compensation plan.

Stock Performance Graph

The following graph provides an indicator of cumulative total shareholder return on the Company’s Common Shares, of an assumed investment of $100, as compared to the TSX 60 Index (“TSX 60”), the Standard & Poor's 500 Stock Index (“S&P 500”), and the peer

group index (comprising CN, KCS, UP, NS and CSX) on December 31 for each of the years indicated. The values for the assumed investments depicted on the graph and in the table have been calculated assuming that any cash dividends are reinvested.



Issuer Purchase of Equity Securities

During 2015, CP repurchased 13.5 million Common Shares for $2,748 million at an average price of $202.79. The following table presents Common Shares repurchased during each month for the fourth quarter of 2015.

2015	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 1 to October 31	577,800	$ 196.30	577,800	561,992
November 1 to November 30	—	—	—	—
December 1 to December 31	—	—	—	—
Ending Balance	**577,800**	**$ 196.30**	**577,800**	**561,992**

ITEM 6. SELECTED FINANCIAL DATA

The following table presents as of, and for the years ended, December 31, selected financial data related to the Company's financial results for the last five fiscal years. The selected financial data should be read in conjunction with Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8. Financial Statements and Supplementary Data.

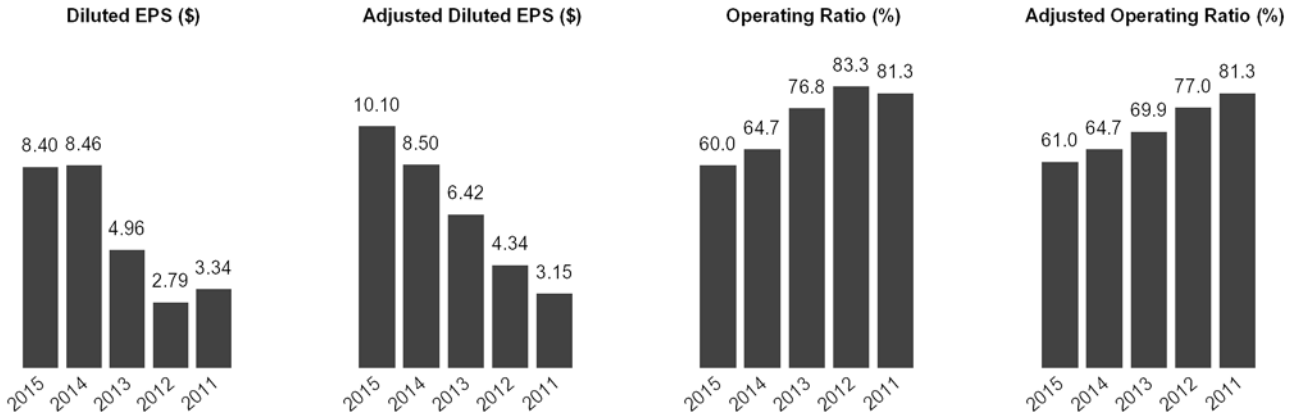
(in millions, except per share data, percentages and ratios)	**2015**	2014	2013	2012	2011
Financial Performance					
Revenues	**$ 6,712**	$ 6,620	$ 6,133	$ 5,695	$ 5,177
Operating income	**2,688**	2,339	1,420	949	967
Adjusted operating income[(1)]	**2,620**	2,335	1,844	1,309	967
Net income	**1,352**	1,476	875	484	570
Adjusted income[(1)]	**1,625**	1,482	1,132	753	538
Basic earnings per share	**8.47**	8.54	5.00	2.82	3.37
Diluted earnings per share	**8.40**	8.46	4.96	2.79	3.34
Adjusted diluted earnings per share[(1)]	**10.10**	8.50	6.42	4.34	3.15
Dividends declared per share	**1.4000**	1.4000	1.4000	1.3500	1.1700
Financial Position					
Total assets[(2)]	**$ 19,637**	$ 16,550	$ 16,680	$ 14,433	$ 13,969
Total long-term obligations[(2)(3)]	**9,012**	5,712	4,747	4,696	4,771
Shareholders' equity	**4,796**	5,610	7,097	5,097	4,649
Cash provided by operating activities	**2,459**	2,123	1,950	1,328	512
Free cash[(1)]	**1,155**	725	530	93	(724)
Financial Ratios					
Return on invested capital ("ROIC")[(1)]	**12.9%**	14.4%	10.1%	7.3%	8.4%
Adjusted ROIC[(1)]	**15.2%**	14.5%	12.3%	10.0%	7.9%
Operating ratio[(4)]	**60.0%**	64.7%	76.8%	83.3%	81.3%
Adjusted operating ratio[(1)]	**61.0%**	64.7%	69.9%	77.0%	81.3%

(1) These measures have no standardized meanings prescribed by generally accepted accounting principles in the United States of America ("GAAP") and, therefore, may not be comparable to similar measures presented by other companies. These measures are defined and reconciled in Non-GAAP Measures in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(2) 2011–2014 comparative period figures have been restated for retrospective adoption of Accounting Standards Update ("ASU") 2015-17. See further discussion in Item 8. Financial Statements and Supplementary Data, Note 2 Accounting changes. 2011 and 2012 comparative period figures have also been restated for retrospective adoption of ASU 2015-03.

(3) Excludes deferred income taxes: $3,391 million, $2,717 million, $2,559 million, $1,838 million and $1,718 million, and other non-financial deferred liabilities of $991 million, $1,100 million, $898 million, $1,574 million and $1,621 million at December 31, 2015, 2014, 2013, 2012 and 2011 respectively.

(4) Operating ratio is defined as operating expenses divided by revenues.



ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the Company's Consolidated Financial Statements and the related notes in Item 8. Financial Statements and Supplementary Data, and other information in this annual report. Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars.

Executive Summary

2015 Results

- *Financial performance* – In 2015, CP reported Diluted EPS of $8.40 while Adjusted diluted EPS climbed to a record $10.10, a 19% improvement compared to the Adjusted diluted EPS of $8.50 in 2014. CP's commitment to operational efficiency produced a best-ever full-year reported and Adjusted operating ratio of 60.0% and 61.0%, beating the previous record, set in 2014, by 470 and 370 basis points, respectively. Adjusted diluted EPS and Adjusted operating ratio are defined and reconciled in Non-GAAP Measures and discussed further in Results of Operations of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

- *Free cash flow* – In 2015, CP generated record Free cash flow of $1.15 billion, an increase of 59% over the prior year. The increase was primarily driven by higher cash from operations and proceeds from asset sales, partially offset by higher capital expenditures of $1.5 billion. Free cash flow is defined and reconciled in Non-GAAP Measures and discussed further in Performance Indicators of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

- *Operating performance* – CP's continued focus on asset utilization and network investments resulted in significant improvements to CP's key operating metrics. In 2015, CP's network train speed increased by 19% to 21.4 miles per hour, terminal dwell improved by 17% to 7.2 hours and fuel efficiency improved by 4% to 0.994 U.S. gallons of locomotive fuel consumed per 1,000 gross ton-miles ("GTMs"). These metrics are discussed further in Performance Indicators of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

2016 Outlook

The Company's outlook for the full year 2016 includes:

- Operating ratio below 59%;
- Double-digit EPS growth from full-year 2015 Adjusted diluted EPS of $10.10; and
- Capital expenditures of approximately $1.1 billion.

Performance Indicators

The following table lists the key measures of the Company's operating performance:

For the year ended December 31	**2015[1]**	2014[1]	2013	% Change 2015 vs. 2014	% Change 2014 vs. 2013
Operations Performance					
Freight gross ton-miles ("GTMs") (millions)	**263,333**	272,862	267,629	(3)	2
Revenue ton-miles ("RTMs") (millions)	**145,257**	149,849	144,249	(3)	4
Train miles (thousands)	**34,047**	36,252	37,817	(6)	(4)
Average train weight – excluding local traffic (tons)	**8,314**	8,076	7,573	3	7
Average train length – excluding local traffic (feet)	**6,935**	6,682	6,530	4	2
Average terminal dwell (hours)	**7.2**	8.7	7.1	(17)	23
Average train speed (mph)	**21.4**	18.0	18.4	19	(2)
Fuel efficiency (U.S. gallons of locomotive fuel consumed /1,000 GTMs)	**0.994**	1.035	1.060	(4)	(2)
Total employees (average)	**13,735**	14,498	15,011	(5)	(3)
Total employees (end of period)	**12,739**	14,352	14,506	(11)	(1)
Workforce (end of period)	**12,899**	14,698	14,977	(12)	(2)
Safety Indicators					
FRA personal injuries per 200,000 employee-hours	**1.74**	1.67	1.71	4	(2)
FRA train accidents per million train miles	**1.30**	1.26	1.80	3	(30)

[1] Certain figures have been revised to conform with current presentation or have been updated to reflect new information.

Operations Performance

GTMs are defined as the movement of total train weight over a distance of one mile. Total train weight comprises the weight of the freight cars, their contents, and any inactive locomotives. An increase in GTMs indicates additional workload. GTMs for 2015 were 263,333 million, a 3% decrease compared with 272,862 million in 2014. This decline was primarily due to a drop in volumes in the Intermodal, Crude and Metals, minerals and consumer products lines of business.

GTMs in 2014 increased by 2% compared with 267,629 million in 2013. This improvement was primarily due to higher shipments in Canadian grain, Crude, Domestic intermodal, and Metals, minerals and consumer products.

RTMs are defined as the movement of one revenue-producing ton of freight over a distance of one mile. RTMs measure the relative weight and distance of rail freight moved by the Company. RTMs for 2015 were 145,257 million, a decrease of 4,592 million or 3% compared with 149,849 million in 2014. This decrease was primarily due to lower volumes of Crude; Metals, minerals and consumer products; and U.S. grain. This decrease in RTMs was partially offset by increased shipments of Potash, Canadian grain and Forest products.

RTMs for 2014 were 149,849 million, an increase of 4% compared with 144,249 million in 2013. This increase was primarily due to higher Canadian originating shipments of grain; volumes in energy-related commodities and frac sand; and Domestic intermodal shipments. This increase was partially offset by lower International intermodal shipments; Fertilizers and sulphur shipments; and U.S. originating thermal coal shipments.

Train miles for 2015 decreased by 6% compared with 2014 and in 2014 decreased by 4% compared with 2013, reflecting continuous improvements in operating efficiency from longer, heavier trains.

Average train weight is defined as the average gross weight of CP trains, both loaded and empty. This excludes trains in short-haul service, work trains used to move CP's track equipment and materials, and the haulage of other railways' trains on CP's network. Average train weight increased in 2015 by 238 tons, or 3%, from 2014.

The average train length is the sum of each car multiplied by the distance travelled, divided by train miles. Local trains are excluded from this measure. Average train length increased in 2015 by 253 feet, or 4%, from 2014.

Both average train weight and length in 2015 benefited from improvements in operating plan efficiency.

Average train weight increased in 2014 by 503 tons, or 7%, from 2013. Average train length increased in 2014 by 152 feet, or 2%, from 2013. Average train weight and length benefited significantly from improvements in operating plan efficiency and increased bulk

traffic being conveyed in longer, heavier trains. Both of these improvements leverage the siding extensions completed in 2013 and 2014.

The average terminal dwell is defined as the average time a freight car resides within terminal boundaries expressed in hours. The timing starts with a train arriving in the terminal, a customer releasing the car to the Company, or a car arriving at interchange from another railway. The timing ends when the train leaves, a customer receives the car from CP, or the freight car is transferred to another railway. Freight cars are excluded if they are being stored at the terminal or used in track repairs. Average terminal dwell decreased by 17% in 2015 from 8.7 hours in 2014 on average to 7.2 hours in 2015. This favourable decrease was primarily due to continued improvements in yard operating performance.

Average terminal dwell, the average time a freight car resides in a terminal, increased by 23% in 2014 to 8.7 hours from 7.1 hours in 2013. The unfavourable increase was primarily due to operational challenges in the U.S. Midwest.

The average train speed is defined as a measure of the line-haul movement from origin to destination including terminal dwell hours. It is calculated by dividing the total train miles travelled by the total train hours operated. This calculation does not include delay time related to customer or foreign railways and excludes the time and distance travelled by: i) trains used in or around CP's yards; ii) passenger trains; and iii) trains used for repairing track. Average train speed was 21.4 miles per hour in 2015, an increase of 19%, from 18.0 miles per hour in 2014. This favourable increase was primarily due to improved train design and operating plan execution.

Average train speed in 2014 decreased by 2%, from 18.4 miles per hour in 2013. The unfavourable decrease was primarily due to operational challenges in the U.S. Midwest. This decrease was partially offset by speed improvements in the fourth quarter of 2014 through improved asset velocity, decreased terminal dwell, and successful execution of the Company's operating plan.

Fuel efficiency improved by 4% in 2015 compared to 2014. Improvements in fuel efficiency were a result of increased locomotive productivity, operational fluidity, and execution of the Company's fuel conservation strategies.

Fuel efficiency improved by 3% in 2014 compared to 2013. This improvement was primarily due to the continued execution of the Company's fuel conservation strategy and increased locomotive productivity from higher average train weights.

The average number of total employees for 2015 decreased by 763, or 5%, compared with 2014. The total number of employees as at December 31, 2015 was 12,739, a decrease of 11% compared with 14,352 in 2014. This improvement was primarily due to job reductions as a result of continuing strong operational performance and natural attrition.

The average number of total employees for 2014 decreased by 513, or 3%, compared with 2013. The total number of employees as at December 31, 2014 was 14,352, a decrease of 154 employees compared with 14,506 in 2013. This improvement was primarily due to job reductions as a result of continuing strong operational performance and natural attrition, partially offset by additional Information Technology employees as part of the Company's insourcing strategy.

The workforce is the total employees plus part-time employees, contractors and consultants. The workforce as at December 31, 2015 decreased by 1,799, or 12%, compared with December 31, 2014. The workforce as at December 31, 2014 decreased by 279, or 2%, compared with December 31, 2013. This improvement was primarily due to job reductions as a result of continuing strong operational performance, natural attrition and fewer contractors.

Safety Indicators

Safety is a key priority and core strategy for CP's management, employees and Board of Directors. The Company's two main safety indicators – personal injuries and train accidents – follow strict U.S. FRA reporting guidelines.

The FRA personal injury rate per 200,000 employee-hours is the number of personal injuries multiplied by 200,000 and divided by total employee hours. Personal injuries are defined as injuries that require employees to lose time away from work, modify their normal duties or obtain medical treatment beyond minor first aid. FRA employee-hours are the total hours worked, excluding vacation and sick time, by all employees, excluding contractors. The FRA personal injury rate per 200,000 employee-hours for CP was 1.74 in 2015, 1.67 in 2014 and 1.71 in 2013.

The FRA train accidents rate is the number of train accidents, multiplied by 1,000,000 and divided by total train miles. Train accidents included in this metric meet or exceed the FRA reporting threshold of U.S. $10,500 or $13,900 in damage. The FRA train accident rate for CP in 2015 was 1.30 accidents per million train miles, compared with 1.26 in 2014 and 1.80 in 2013.

Results of Operations

Income

Operating income was $2,688 million in 2015, an increase of $349 million, or 15%, from $2,339 million in 2014. This increase was primarily due to:

- the favourable impact of the change in foreign exchange (“FX”);
- efficiencies generated from improved operating performance and asset utilization;
- the gain on sale of D&H South;
- lower share-based compensation primarily driven by the change in share price and lower incentive-based compensation;
- lower fuel price; and
- higher land sales.

This increase was partially offset by:

- lower traffic volume;
- higher pension expense;
- higher wage and benefit inflation; and
- higher casualty expenses as a result of more costly mishaps.

Operating income was $2,339 million in 2014, an increase of $919 million, or 65%, from $1,420 million in 2013. This increase was primarily due to:

- an asset impairment charge in 2013;
- higher volumes of traffic;
- efficiency savings generated from improved operating performance, asset utilization and insourcing of certain Information Technology activities;
- lower pension expense;
- the favourable impact of the change in foreign exchange; and
- lower casualty expense.

This increase in Operating income was partially offset by higher incentive and stock-based compensation resulting from improved corporate performance and higher wage and benefit inflation.

Adjusted operating income, defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, was $2,620 million in 2015, an increase of $285 million, or 12%, from $2,335 million in 2014. This increase was due to the same factors discussed above for the increase in Operating income except that Adjusted operating income excludes the gain on sale of D&H South.

Adjusted operating income was $2,335 million in 2014, an increase from $1,844 million in 2013. This improvement was primarily due to higher volumes generating higher freight revenues and efficiency savings, partially offset by higher incentive and stock-based compensation resulting from improved corporate performance, and higher wage and benefit inflation.

Net income was $1,352 million in 2015, a decrease of $124 million, or 8%, from $1,476 million in 2014. This decrease was primarily due to the unfavourable impact of FX translation on U.S. dollar-denominated debt and higher interest expense on new debt issued in 2015, partially offset by higher operating income.

Net income was $1,476 million in 2014, an increase of $601 million, or 69%, from $875 million in 2013. This increase was primarily due to higher Operating income, partially offset by an increase in Income tax expense.

Adjusted income, defined and reconciled in Non-GAAP Measures of this Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, was $1,625 million in 2015, an increase of $143 million, or 10%, from $1,482 million in 2014. This increase was primarily due to an increase in Adjusted operating income, partially offset by increased Income tax expense.

Diluted Earnings per Share

Diluted earnings per share was $8.40 in 2015, a decrease of $0.06, or 1% from $8.46 in 2014. This decrease was primarily due to lower Net income, partially offset by lower average outstanding shares due to the Company's share repurchase program.

Diluted earnings per share was $8.46 in 2014, an increase of $3.50, or 71% from $4.96 in 2013. This increase was primarily due to higher Net income and lower average outstanding shares due to the Company's share repurchase program.

Adjusted diluted EPS, defined and reconciled in Non-GAAP Measures of this Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, was $10.10 in 2015, an increase of $1.60, or 19%, from $8.50 in 2014. Adjusted diluted EPS was $8.50 in 2014, an increase of $2.08, or 32%, from $6.42 in 2013. These increases were primarily due to higher Adjusted income and lower average outstanding shares due to the Company’s share repurchase program.

Operating Ratio

The Operating ratio provides the percentage of revenues used to operate the railway. A lower percentage normally indicates higher efficiency in the operation of the railway. The Company's Operating ratio was 60.0% in 2015, a 470 basis point improvement from 64.7% in 2014. This improvement was primarily due to:

- the favourable impact of the change in FX;
- efficiencies generated from improved operating performance and asset utilization;
- the gain on sale of D&H South;
- lower share-based compensation primarily driven by the change in share price and lower incentive-based compensation;
- lower fuel price; and
- higher land sales.

This improvement was partially offset by:

- lower traffic volume;
- higher pension expense;
- higher wage and benefit inflation; and
- higher casualty expenses as a result of more costly mishaps.

The Company's Operating ratio was 64.7% in 2014, a decrease from 76.8% in 2013. This improvement was primarily due to an asset impairment charge in 2013, higher volumes of traffic generating higher freight revenues, and efficiency savings, partially offset by higher incentive and stock-based compensation resulting from improved corporate performance, and higher wage and benefit inflation.

Adjusted operating ratio, defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, was 61.0% in 2015, a 370 basis point improvement from 64.7% in 2014. The improvement in Adjusted operating ratio reflects the same factors discussed above except that Adjusted operating ratio excludes the gain on sale of D&H South.

Adjusted operating ratio was 64.7% in 2014, a decrease from 69.9% in 2013. This improvement was primarily due to higher volumes generating higher freight revenues and efficiency savings, partially offset by higher incentive and stock-based compensation resulting from improved corporate performance, and higher wage and benefit inflation.

Return on Invested Capital

ROIC is a measure of how productively the Company uses its long-term capital investments, representing critical indicators of good operating and investment decisions made by management, and is an important performance criteria in determining certain elements of the Company's long-term incentive plan. ROIC was 12.9% in 2015, a 150 basis point decrease compared to 14.4% in 2014 due to the issuance of long-term debt, partially offset by the reduction in total Shareholders' equity, primarily due to the Company's share repurchase program. ROIC was 14.4% in 2014, a 440 basis point increase compared to 10.1% in 2013 due to higher income and lower total shareholder's equity, primarily due to the Company's share repurchase program.

Adjusted ROIC was 15.2% at December 31, 2015, compared with 14.5% in 2014 and compared to 12.3% in 2013. These increases are the result of increased Adjusted operating income, partially offset by increased Income tax expense and the reductions in total Shareholders' equity as discussed above. ROIC and Adjusted ROIC, defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Impact of FX on Earnings

Fluctuations in FX affect the Company's results because U.S. dollar-denominated revenues and expenses are translated into Canadian dollars. U.S. dollar-denominated revenues and expenses increase (decrease) when the Canadian dollar weakens (strengthens) in relation to the U.S. dollar. In 2015, the impact of a stronger U.S. dollar resulted in an increase in total revenues of $553 million, an increase in total operating expenses of $306 million and an increase in interest expense of $37 million.

Canadian to U.S. dollar Average exchange rates		**2015**	2014	2013
For the year ended – December 31	**$**	**1.28** $	1.10 $	1.03
For the three months ended – December 31	**$**	**1.34** $	1.13 $	1.04

Canadian to U.S. dollar Exchange rates		**2015**	2014	2013
Beginning of year – January 1	**$**	**1.16**	$ 1.06	$ 0.99
Beginning of quarter – April 1	**$**	**1.27**	$ 1.11	$ 1.02
Beginning of quarter – July 1	**$**	**1.25**	$ 1.07	$ 1.05
Beginning of quarter – October 1	**$**	**1.33**	$ 1.12	$ 1.03
End of quarter – December 31	**$**	**1.38**	$ 1.16	$ 1.06

In 2016, CP expects that for every $0.01 the U.S. dollar appreciates relative to the Canadian dollar, it will increase revenues by $30 million, operating expenses by $15 million and interest expense by $3 million on an annualized basis.

Impact of Fuel Price on Earnings

Fluctuations in fuel prices affect the Company's results because fuel expense constitutes a significant portion of CP's operating costs. As fuel prices fluctuate, there will be a timing impact on earnings. In 2015, the impact of lower fuel prices resulted in a decrease in total revenues of $334 million and a decrease in total operating expenses of $403 million.

Average Fuel Price (U.S. dollars per U.S. gallon)		**2015**	2014	2013
For the year ended – December 31	**$**	**2.13**	$ 3.41	$ 3.47
For the three months ended – December 31	**$**	**1.91**	$ 3.11	$ 3.51

Operating Revenues

				2015 vs. 2014			2014 vs. 2013		
For the year ended December 31	**2015**	2014	2013	% Change	Total Change	FX Impact[2]	% Change	Total Change	FX Impact[2]
Freight revenues (in millions)[1]	**$ 6,552**	$ 6,464	$ 5,982	1	$ 88	$ 549	8	$ 482	$ 217
Non-freight revenues (in millions)	**160**	156	151	3	4	4	3	5	1
Total revenues (in millions)	**$ 6,712**	$ 6,620	$ 6,133	1	$ 92	$ 553	8	$ 487	$ 218
Carloads (in thousands)	**2,628**	2,684	2,688	(2)	(56)	N/A	—	(4)	N/A
Revenue ton-miles (in millions)	**145,257**	149,849	144,249	(3)	(4,592)	N/A	4	5,600	N/A
Freight revenue per carload (dollars)	**$ 2,493**	$ 2,408	$ 2,226	4	$ 85	N/A	8	$ 182	N/A
Freight revenue per revenue ton-miles (cents)	**4.51**	4.31	4.15	5	0.20	N/A	4	0.16	N/A

[1] Freight revenues include fuel surcharge revenues of $293 million in 2015, $637 million in 2014 and $598 million in 2013.
[2] FX impact is a component of the Total Change.

The Company's revenues are primarily derived from transporting freight. Non-freight revenue is generated from leasing of certain assets, switching fees, contracts with passenger service operators, and logistical management services. Changes in freight volumes generally contribute to corresponding changes in freight revenues and certain variable expenses, such as fuel, equipment rents and crew costs.

Freight Revenues

Freight revenues were $6,552 million in 2015, an increase of $88 million, or 1% from $6,464 million in 2014. This increase was primarily due to the favourable impact of the change in FX of $549 million and an increase in Canadian grain revenue due to increased exports. This increase was partially offset by the impact of lower fuel prices on fuel surcharge revenue of $334 million, and lower volumes of Metals, mineral and consumer products and Crude.

Freight revenues were $6,464 million in 2014, an increase of $482 million, or 8% from $5,982 million in 2013. This increase was primarily due to:

- higher volumes in Canadian grain, Domestic intermodal, Crude, and Metals, minerals and consumer products;
- higher freight rates; and
- the favourable impact of the change in FX.

This increase was partially offset by:

- lower shipments in International intermodal and Automotive, primarily due to the exit of certain customer contracts;

- lower Fertilizers and sulphur shipments primarily due to sulphur production shutdowns; and
- lower shipments in certain lines of business in the first half of the year due to the impact of harsh winter operating conditions.

Non-freight Revenues

Non-freight revenues were $160 million in 2015, an increase of $4 million, or 3% from $156 million in 2014. This increase was due to the favourable impact of the change in FX.

Non-freight revenues were $156 million in 2014, an increase of $5 million, or 3% from $151 million in 2013. This increase was primarily due to higher leasing revenues.

Lines of Business

Canadian Grain

				2015 vs. 2014			2014 vs. 2013		
For the year ended December 31	**2015**	2014	2013	% Change	Total Change	FX Impact[(1)]	% Change	Total Change	FX Impact[(1)]
Freight revenues (in millions)	**$ 1,068**	$ 988	$ 869	8	$ 80	$ 38	14	$ 119	$ 18
Carloads (in thousands)	**285**	291	256	(2)	(6)	N/A	14	35	N/A
Revenue ton-miles (in millions)	**27,442**	26,691	22,864	3	751	N/A	17	3,827	N/A
Freight revenue per carload (dollars)	**$ 3,750**	$ 3,391	$ 3,397	11	$ 359	N/A	—	$ (6)	N/A
Freight revenue per revenue ton-mile (cents)	**3.89**	3.70	3.80	5	0.19	N/A	(3)	(0.10)	N/A

[(1)] FX impact is a component of the Total Change.

Canadian grain revenue was $1,068 million in 2015, an increase of $80 million, or 8% from $988 million in 2014. This increase was primarily due to higher freight rates, the favourable impact of the change in FX, and strong export volumes through Port of Vancouver, partially offset by lower fuel surcharge revenue.

Canadian grain revenue was $988 million in 2014, an increase of $119 million, or 14% from $869 million in 2013. This increase was primarily due to higher shipments as a result of strong export demand and record Canadian crop production, partially offset by reduced freight rates.

U.S. Grain

				2015 vs. 2014			2014 vs. 2013		
For the year ended December 31	**2015**	2014	2013	% Change	Total Change	FX Impact[(1)]	% Change	Total Change	FX Impact[(1)]
Freight revenues (in millions)	**$ 522**	$ 503	$ 431	4	$ 19	$ 87	17	$ 72	$ 32
Carloads (in thousands)	**157**	173	182	(9)	(16)	N/A	(5)	(9)	N/A
Revenue ton-miles (in millions)	**10,625**	11,724	11,119	(9)	(1,099)	N/A	5	605	N/A
Freight revenue per carload (dollars)	**$ 3,326**	$ 2,909	$ 2,359	14	$ 417	N/A	23	$ 550	N/A
Freight revenue per revenue ton-mile (cents)	**4.91**	4.29	3.87	14	0.62	N/A	11	0.42	N/A

[(1)] FX impact is a component of the Total Change.

U.S. grain revenue was $522 million in 2015, an increase of $19 million, or 4% from $503 million in 2014. The increase was primarily due to the favourable impact of the change in FX, partially offset by a decrease in volumes of 9% primarily due to the reduction in export volumes, and lower fuel surcharge revenue.

U.S. grain revenue was $503 million in 2014, an increase of $72 million, or 17% from $431 million in 2013. This increase was primarily due to: higher freight rates; increased volume to the Pacific Northwest, which has a longer length of haul, in the second half of the year; and the favourable impact of the change in FX. This increase was partially offset by the impact of harsh winter operating conditions in the first quarter of 2014.

Coal

For the year ended December 31	2015	2014	2013	2015 vs. 2014 % Change	2015 vs. 2014 Total Change	2015 vs. 2014 FX Impact[(1)]	2014 vs. 2013 % Change	2014 vs. 2013 Total Change	2014 vs. 2013 FX Impact[(1)]
Freight revenues (in millions)	**$ 639**	$ 621	$ 627	3	$ 18	$ 12	(1)	$ (6)	$ 6
Carloads (in thousands)	**323**	313	330	3	10	N/A	(5)	(17)	N/A
Revenue ton-miles (in millions)	**22,164**	22,443	23,172	(1)	(279)	N/A	(3)	(729)	N/A
Freight revenue per carload (dollars)	**$ 1,978**	$ 1,985	$ 1,904	—	$ (7)	N/A	4	$ 81	N/A
Freight revenue per revenue ton-mile (cents)	**2.88**	2.77	2.71	4	0.11	N/A	2	0.06	N/A

[(1)] FX impact is a component of the Total Change.

Coal revenue was $639 million in 2015, an increase of $18 million, or 3% from $621 million in 2014. This increase was primarily due to the favourable impact of the change in FX and higher freight rates and volumes of U.S. originated thermal coal, partially offset by lower fuel surcharge revenue and a decline in volume in Canadian coal business.

Coal revenue was $621 million in 2014, a decrease of $6 million, or 1% from $627 million in 2013. This decrease was primarily due to lower shipments of U.S. originating thermal coal, partially offset by higher Canadian originating shipments of metallurgical coal, and increased freight rates.

Potash

For the year ended December 31	2015	2014	2013	2015 vs. 2014 % Change	2015 vs. 2014 Total Change	2015 vs. 2014 FX Impact[(1)]	2014 vs. 2013 % Change	2014 vs. 2013 Total Change	2014 vs. 2013 FX Impact[(1)]
Freight revenues (in millions)	**$ 359**	$ 347	$ 312	3	$ 12	$ 28	11	$ 35	$ 12
Carloads (in thousands)	**124**	118	114	5	6	N/A	4	4	N/A
Revenue ton-miles (in millions)	**15,117**	14,099	13,231	7	1,018	N/A	7	868	N/A
Freight revenue per carload (dollars)	**$ 2,887**	$ 2,941	$ 2,745	(2)	$ (54)	N/A	7	$ 196	N/A
Freight revenue per revenue ton-mile (cents)	**2.37**	2.46	2.36	(4)	(0.09)	N/A	4	0.10	N/A

[(1)] FX impact is a component of the Total Change.

Potash revenue was $359 million in 2015, an increase of $12 million, or 3% from $347 million in 2014. This increase was primarily due to the favourable impact of the change in FX and an increase in volumes where growth in export Potash, which has a lower revenue per RTM, outpaced domestic Potash growth.

Potash revenue was $347 million in 2014, an increase of $35 million, or 11% from $312 million in 2013. This increase was primarily due to: the favourable impact of the change in FX; higher shipments, driven by export volumes in the second half of 2014 and higher domestic shipments in the first half of 2014; and higher freight rates. This increase was partially offset by the impact of harsh winter operating conditions in the first quarter of 2014.

Fertilizers and Sulphur

For the year ended December 31	2015	2014	2013	2015 vs. 2014 % Change	2015 vs. 2014 Total Change	2015 vs. 2014 FX Impact[(1)]	2014 vs. 2013 % Change	2014 vs. 2013 Total Change	2014 vs. 2013 FX Impact[(1)]
Freight revenues (in millions)	**$ 272**	$ 234	$ 258	16	$ 38	$ 23	(9)	$ (24)	$ 11
Carloads (in thousands)	**62**	61	71	2	1	N/A	(14)	(10)	N/A
Revenue ton-miles (in millions)	**4,044**	4,180	4,939	(3)	(136)	N/A	(15)	(759)	N/A
Freight revenue per carload (dollars)	**$ 4,410**	$ 3,801	$ 3,615	16	$ 609	N/A	5	$ 186	N/A
Freight revenue per revenue ton-mile (cents)	**6.71**	5.59	5.22	20	1.12	N/A	7	0.37	N/A

[(1)] FX impact is a component of the Total Change.

Fertilizers and sulphur revenue was $272 million in 2015, an increase of $38 million, or 16% from $234 million in 2014. This increase was primarily due to the favourable impact of the change in FX, higher freight rates and a shift in mix of traffic to fertilizers, which generally has higher freight rates than sulphur.

Fertilizers and sulphur revenue was $234 million in 2014, a decrease of $24 million, or 9% from $258 million in 2013. This decrease was primarily due to lower shipments resulting from weak demand and high inventory levels at destination, and a delayed return to full production of sulphur customer facilities. This decrease was partially offset by the favourable impacts of the change in FX and higher freight rates.

Forest Products

				2015 vs. 2014			2014 vs. 2013		
For the year ended December 31	**2015**	2014	2013	% Change	Total Change	FX Impact[(1)]	% Change	Total Change	FX Impact[(1)]
Freight revenues (in millions)	**$ 249**	$ 206	$ 206	21	$ 43	$ 24	—	$ —	$ 12
Carloads (in thousands)	**62**	59	66	5	3	N/A	(11)	(7)	N/A
Revenue ton-miles (in millions)	**4,201**	3,956	4,619	6	245	N/A	(14)	(663)	N/A
Freight revenue per carload (dollars)	**$ 4,026**	$ 3,493	$ 3,132	15	$ 533	N/A	12	$ 361	N/A
Freight revenue per revenue ton-mile (cents)	**5.92**	5.20	4.46	14	0.72	N/A	17	0.74	N/A

[(1)] FX impact is a component of the Total Change.

Forest products revenue was $249 million in 2015, an increase of $43 million, or 21% from $206 million in 2014. This increase was primarily due to the favourable impact of the change in FX, improved pricing and a change in traffic mix to lumber and panel products, which generally have higher freight rates than pulp and paper.

Forest products revenue was $206 million in 2014, unchanged from 2013. Increases within Forest products were due to strong lumber demand with existing customers, the favourable impact of the change in FX, and higher freight rates. These increases were offset by the exit of certain lumber customer contracts in Western Canada and lower pulp and paper shipments due to customer production issues.

Chemicals and Plastics

				2015 vs. 2014			2014 vs. 2013		
For the year ended December 31	**2015**	2014	2013	% Change	Total Change	FX Impact[(1)]	% Change	Total Change	FX Impact[(1)]
Freight revenues (in millions)	**$ 709**	$ 637	$ 565	11	$ 72	$ 84	13	$ 72	$ 32
Carloads (in thousands)	**203**	198	197	3	5	N/A	1	1	N/A
Revenue ton-miles (in millions)	**13,611**	13,635	13,573	—	(24)	N/A	—	62	N/A
Freight revenue per carload (dollars)	**$ 3,483**	$ 3,214	$ 2,857	8	$ 269	N/A	12	$ 357	N/A
Freight revenue per revenue ton-mile (cents)	**5.21**	4.67	4.15	12	0.54	N/A	13	0.52	N/A

[(1)] FX impact is a component of the Total Change.

Chemicals and plastics revenue was $709 million in 2015, an increase of $72 million, or 11% from $637 million in 2014. This increase was primarily due to the favourable impact of the change in FX, partially offset by lower fuel surcharge revenue.

Chemicals and plastics revenue was $637 million in 2014, an increase of $72 million, or 13% from $565 million in 2013. This increase was primarily due to the favourable impact of the change in FX, higher freight rates, and an increase in volume from strong demand for liquefied petroleum gas, fuel oils, asphalt and plastics in the second half of 2014. This increase was partially offset by lower shipments of biofuels in the first half of the year that resulted from supply chain issues.

Crude

For the year ended December 31	2015	2014	2013	2015 vs. 2014 % Change	2015 vs. 2014 Total Change	2015 vs. 2014 FX Impact[1]	2014 vs. 2013 % Change	2014 vs. 2013 Total Change	2014 vs. 2013 FX Impact[1]
Freight revenues (in millions)	**$ 393**	$ 484	$ 375	(19)	$ (91)	$ 71	29	$ 109	$ 26
Carloads (in thousands)	**91**	110	90	(17)	(19)	N/A	22	20	N/A
Revenue ton-miles (in millions)	**13,280**	16,312	13,898	(19)	(3,032)	N/A	17	2,414	N/A
Freight revenue per carload (dollars)	**$ 4,309**	$ 4,419	$ 4,144	(2)	$ (110)	N/A	7	$ 275	N/A
Freight revenue per revenue ton-mile (cents)	**2.96**	2.97	2.70	—	(0.01)	N/A	10	0.27	N/A

[1] FX impact is a component of the Total Change.

Crude revenue was $393 million in 2015, a decrease of $91 million, or 19% from $484 million in 2014. This decrease was primarily due to a decline in volume as a result of the fall in crude oil prices and lower fuel surcharge revenue, partially offset by the favourable impact of the change in FX.

Crude revenue was $484 million in 2014, an increase of $109 million, or 29% from $375 million in 2013. This increase was primarily due to increased shipments from Western Canada and the Bakken region, the favourable impact of the change in FX, and higher freight rates.

Metals, Minerals and Consumer Products

For the year ended December 31	2015	2014	2013	2015 vs. 2014 % Change	2015 vs. 2014 Total Change	2015 vs. 2014 FX Impact[1]	2014 vs. 2013 % Change	2014 vs. 2013 Total Change	2014 vs. 2013 FX Impact[1]
Freight revenues (in millions)	**$ 643**	$ 712	$ 608	(10)	$ (69)	$ 95	17	$ 104	$ 32
Carloads (in thousands)	**217**	253	232	(14)	(36)	N/A	9	21	N/A
Revenue ton-miles (in millions)	**9,020**	11,266	10,404	(20)	(2,246)	N/A	8	862	N/A
Freight revenue per carload (dollars)	**$ 2,963**	$ 2,814	$ 2,655	5	$ 149	N/A	6	$ 159	N/A
Freight revenue per revenue ton-mile (cents)	**7.13**	6.32	5.90	13	0.81	N/A	7	0.42	N/A

[1] FX impact is a component of the Total Change.

Metals, minerals and consumer products revenue was $643 million in 2015, a decrease of $69 million, or 10% from $712 million in 2014. This decrease was primarily due to declines in the volume of frac sand, steel and other aggregates traffic, partially offset by the favourable impact of the change in FX.

Metals, minerals and consumer products revenue was $712 million in 2014, an increase of $104 million, or 17% from $608 million in 2013. This increase was primarily due to higher volumes, primarily as a result of strong frac sand demand, the favourable impact of the change in FX, and higher freight rates.

Automotive

For the year ended December 31	2015	2014	2013	2015 vs. 2014 % Change	2015 vs. 2014 Total Change	2015 vs. 2014 FX Impact[1]	2014 vs. 2013 % Change	2014 vs. 2013 Total Change	2014 vs. 2013 FX Impact[1]
Freight revenues (in millions)	**$ 349**	$ 357	$ 403	(2)	$ (8)	$ 35	(11)	$ (46)	$ 15
Carloads (in thousands)	**131**	134	146	(2)	(3)	N/A	(8)	(12)	N/A
Revenue ton-miles (in millions)	**1,750**	1,953	2,329	(10)	(203)	N/A	(16)	(376)	N/A
Freight revenue per carload (dollars)	**$ 2,659**	$ 2,670	$ 2,758	—	$ (11)	N/A	(3)	$ (88)	N/A
Freight revenue per revenue ton-mile (cents)	**19.97**	18.26	17.27	9	1.71	N/A	6	0.99	N/A

[1] FX impact is a component of the Total Change.

Automotive revenue was $349 million in 2015, a decrease of $8 million, or 2% from $357 million in 2014. This decrease was primarily due to lower fuel surcharge revenue and lower volumes driven by weaker traffic to Western Canada, partially offset by the favourable impact of the change in FX.

Automotive revenue was $357 million in 2014, a decrease of $46 million, or 11% from $403 million in 2013. This decrease was primarily due to a volume decline resulting from operational challenges in the U.S. Midwest following harsh winter operating conditions, the exit of a customer contract, and a reduction in long haul import traffic. This decrease was partially offset by the favourable impact of the change in FX.

Domestic Intermodal

				2015 vs. 2014			2014 vs. 2013		
For the year ended December 31	**2015**	2014	2013	% Change	Total Change	FX Impact[(1)]	% Change	Total Change	FX Impact[(1)]
Freight revenues (in millions)	**$ 757**	$ 787	$ 684	(4)	$ (30)	$ 19	15	$ 103	$ 7
Carloads (in thousands)	**414**	428	370	(3)	(14)	N/A	16	58	N/A
Revenue ton-miles (in millions)	**12,072**	11,867	10,276	2	205	N/A	15	1,591	N/A
Freight revenue per carload (dollars)	**$ 1,831**	$ 1,837	$ 1,850	—	$ (6)	N/A	(1)	$ (13)	N/A
Freight revenue per revenue ton-mile (cents)	**6.27**	6.63	6.65	(5)	(0.36)	N/A	—	(0.02)	N/A

[(1)] FX impact is a component of the Total Change.

Domestic intermodal revenue was $757 million in 2015, a decrease of $30 million, or 4% from $787 million in 2014. This decrease was primarily due to lower fuel surcharge revenue, partially offset by the favourable impact of the change in FX, and increased transcontinental traffic.

Domestic intermodal revenue was $787 million in 2014, an increase of $103 million, or 15% from $684 million in 2013. This increase was primarily due to higher volumes including short-haul expressway service between Toronto and Montreal.

International Intermodal

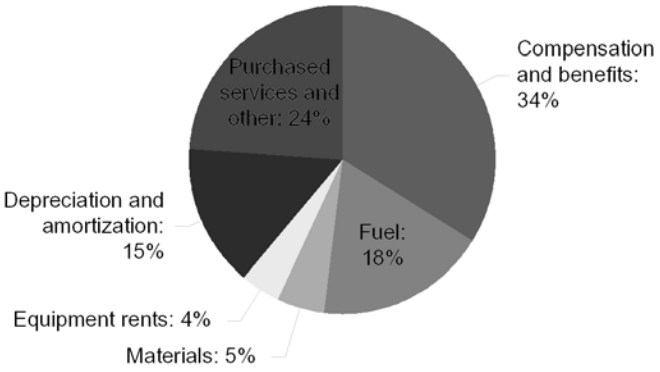
				2015 vs. 2014			2014 vs. 2013		
For the year ended December 31	**2015**	2014	2013	% Change	Total Change	FX Impact[(1)]	% Change	Total Change	FX Impact[(1)]
Freight revenues (in millions)	**$ 592**	$ 588	$ 644	1	$ 4	$ 33	(9)	$ (56)	$ 14
Carloads (in thousands)	**559**	546	634	2	13	N/A	(14)	(88)	N/A
Revenue ton-miles (in millions)	**11,931**	11,723	13,825	2	208	N/A	(15)	(2,102)	N/A
Freight revenue per carload (dollars)	**$ 1,061**	$ 1,077	$ 1,016	(1)	$ (16)	N/A	6	$ 61	N/A
Freight revenue per revenue ton-mile (cents)	**4.96**	5.02	4.66	(1)	(0.06)	N/A	8	0.36	N/A

[(1)] FX impact is a component of the Total Change.

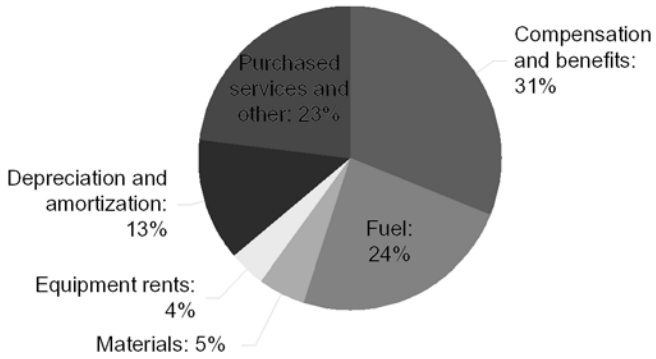
International intermodal revenue was $592 million in 2015, an increase of $4 million, or 1% from $588 million in 2014. This increase was primarily due to the favourable impact of the change in FX, partially offset by lower fuel surcharge revenue.

International intermodal revenue was $588 million in 2014, a decrease of $56 million, or 9% from $644 million in 2013. This decrease was due to lower volumes as a result of the exit of certain customer contracts. This decrease was partially offset by higher transcontinental container volumes from existing customers, higher freight rates, and the favourable impact of the change in FX.

Operating Expenses



2015 Operating expenses



2014 Operating expenses

For the year ended December 31 (in millions)		2015	2014	2013	% Change 2015 vs. 2014	Total Change	FX Impact[1]	% Change 2014 vs. 2013	Total Change	FX Impact[1]
Compensation and benefits	$	**1,371**	$ 1,348	$ 1,378	2	$ 23	$ 62	(2)%	(30)%	23
Fuel		**708**	1,048	1,004	(32)	(340)	143	4	44	62
Materials		**184**	193	160	(5)	(9)	5	21	33	1
Equipment rents		**174**	155	173	12	19	18	(10)	(18)	9
Depreciation and amortization		**595**	552	565	8	43	18	(2)	(13)	8
Purchased services and other		**1,060**	985	998	8	75	60	(1)	(13)	60
Asset impairments		**—**	—	435	—	—	—	(100)	(435)	—
Gain on sale of D&H South		**(68)**	—	—	100	(68)	—	—	—	—
Total operating expenses	$	**4,024**	$ 4,281	$ 4,713	(6)%	$ (257)	$ 306	(9)%	(432)%	163

[1] FX impact is a component of the Total Change.

Operating expenses were $4,024 million in 2015, a decrease of $257 million, or 6%, from $4,281 million in 2014. This decrease was primarily due to:

- the favourable impact of $403 million from lower fuel prices;
- efficiencies generated from improved operating performance and asset utilization;
- the favourable impact of $87 million from lower stock-based compensation primarily driven by the change in stock price and lower incentive-based compensation;
- the $68 million favourable gain on sale of D&H South;
- lower volume variable expenses; and
- a $42 million increase in land sales.

This decrease was partially offset by:

- the unfavourable impact of the change in FX of $306 million;
- higher pension expense of $84 million;
- the impact of wage and benefit inflation of approximately 3%; and
- higher casualty expenses as a result of more costly mishaps of $37 million.

Operating expenses were $4,281 million in 2014, a decrease of $432 million, or 9%, from $4,713 million in 2013. This decrease was primarily due to:

- an asset impairment charge of $435 million in 2013;
- efficiencies generated from improved operating performance, asset utilization, and insourcing of certain IT activities;
- lower pension expense of $96 million; and
- lower casualty expense.

This decrease was partially offset by:

- the unfavourable impact of the change in FX of $163 million;

- higher stock-based and incentive compensation of $41 million;
- the impact of wage and benefit inflation of approximately 3%;
- higher material costs for freight car and locomotive repairs, and increased track maintenance activities; and
- higher volume variable expenses as a result of an increase in workload, as measured by GTMs.

Compensation and Benefits

Compensation and benefits expense includes employee wages, salaries, fringe benefits and stock-based compensation. Compensation and benefits expense was $1,371 million in 2015, an increase of $23 million, or 2%, from $1,348 million in 2014. These increases were primarily due to:

- higher pension expense of $84 million;
- the unfavourable impact of the change in FX of $62 million; and
- the impact of wage and benefit inflation of approximately 3%.

These increases were partially offset by:

- the favourable impact of $87 million from lower stock-based compensation primarily driven by the change in stock price and lower incentive-based compensation;
- lower costs achieved through job reductions;
- road and yard efficiencies as a result of continuing strong operational performance; and
- lower volume variable expenses as a result of a decrease in workload as measured by GTMs.

Fuel

Fuel expense consists mainly of fuel used by locomotives and includes provincial, state and federal fuel taxes. Fuel expense was $708 million in 2015, a decrease of $340 million, or 32%, from $1,048 million in 2014. These decreases were primarily due to:

- the favourable impact of $403 million from lower fuel prices;
- a reduction in workload, as measured by GTMs; and
- improvements in fuel efficiency as a result of increased locomotive productivity of approximately 4%, operational fluidity and the advancement of the Company’s fuel conservation strategies.

These decreases were partially offset by the unfavourable impact of the change in FX of $143 million.

Materials

Materials expense includes the cost of material used for track, locomotive, freight car, building maintenance and software sustainment. Materials expense was $184 million in 2015, a decrease of $9 million or 5%, from $193 million in 2014. This decrease was primarily due to lower locomotive units maintained.

Equipment Rents

Equipment rents expense includes the cost associated with using other companies’ freight cars, intermodal equipment, and locomotives, net of rental income received from other railways for the use of CP’s equipment. Equipment rents expense was $174 million in 2015, an increase of $19 million or 12% from $155 million in 2014. This increase was primarily due to the unfavourable impact of the change in FX of $18 million, a return of subleased locomotives reducing rental income by $15 million, and a decrease in car hire expense resulting from the lower use of CP's equipment by other railroads. This increase was largely offset by the purchase of previously leased freight cars reducing rental expenses by $21 million and lower use of foreign equipment.

Depreciation and Amortization

Depreciation and amortization expense represents the charge associated with the use of track and roadway, buildings, rolling stock, information systems and other depreciable assets. Depreciation and amortization expense was $595 million for 2015, an increase of $43 million, or 8%, from $552 million in the same period of 2014. These increases were primarily due to a higher depreciable asset base and the unfavourable impact of the change in FX of $18 million.

Purchased Services and Other

For the year ended December 31 (in millions)		2015	2014[2]	2013[2]	% Change 2015 vs. 2014	% Change 2014 vs. 2013
Support and facilities	$	**298**	$ 297	$ 313	—	(5)
Track and operations		**266**	243	236	9	3
Intermodal		**184**	176	169	5	4
Equipment		**196**	166	165	18	1
Casualty		**74**	35	63	111	(44)
Property taxes[1]		**103**	94	91	10	3
Other		**13**	6	(1)	117	(700)
Land sales		**(74)**	(32)	(38)	131	(16)
Total Purchased services and other	**$**	**1,060**	$ 985	$ 998	8	(1)

[1] These amounts were previously included in Support and facilities.

[2] Certain comparative figures have been reclassified within Purchased services and other to conform with 2015 presentation.

Purchased services and other expense encompasses a wide range of costs, including expenses for joint facilities, personal injuries and damage, environmental remediation, property and other taxes, contractor and consulting fees, insurance, and gains on land sales. Purchased services and other expense was $1,060 million in 2015, an increase of $75 million, or 8% from $985 million in 2014. This increase was primarily due to:

- the unfavourable impact of the change in FX of $60 million;
- higher casualty expenses as a result of more costly mishaps, reported in Casualty;
- higher intermodal expenses related to pickup and delivery service, reported in Intermodal;
- increased locomotive overhauls, reported in Equipment; and
- higher legal fees and support costs, reported in Support and facilities.

This increase was partially offset by higher land sales of $42 million and efficiencies generated from the insourcing of certain IT activities, included in Support and facilities.

Gain on Sale of D&H South

On November 17, 2014, the Company announced a proposed agreement with NS for the sale of approximately 283 miles of the Delaware and Hudson Railway Company, Inc.'s line between Sunbury, Pennsylvania, and Schenectady, New York.

During the first quarter of 2015, the Company finalized a sales agreement with NS for D&H South. The sale, which received approval by the STB on May 15, 2015, was completed on September 18, 2015 for proceeds of $281 million (U.S. $214 million), subject to finalizing post-closing adjustments between the Company and NS in the first quarter of 2016. The assets sold were previously classified as "Assets held for sale" on the Company's Consolidated Balance Sheet at December 31, 2014. The Company recorded a gain on sale of $68 million ($42 million after tax) from the transaction during the third quarter of 2015.

Other Income Statement Items

Other Income and Charges

Other income and charges consists of gains and losses from the change in FX on long-term debt discussed further in the Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and working capital, various costs related to financing, shareholder costs, equity income and other non-operating expenditures. Other income and charges was an expense of $335 million in 2015, compared to an expense of $19 million in 2014, an increase of $316 million, or 1,663%. This increase was primarily due to the unfavourable impact of FX translation of $297 million on U.S. dollar-denominated debt and the loss of $47 million on early redemption of notes. The increase was partially offset by $24 million of other FX gains and losses.

Other income and charges was an expense of $19 million in 2014, compared with an expense of $17 million in 2013, an increase of $2 million, or 12%. This increase was primarily due to FX losses on U.S. dollar-denominated debt, partially offset by higher equity earnings.

Net Interest Expense

Net interest expense includes interest on long-term debt and capital leases. Net interest expense was $394 million in 2015, an increase of $112 million, or 40%, from $282 million in 2014. This increase was primarily due to the unfavourable impact of the change in FX of $37 million and $74 million of interest on new debt issued in 2015.

Net interest expense was $282 million in 2014, an increase of $4 million, or 1%, from $278 million in 2013. This increase was primarily due to the unfavourable impact of the change in FX rates on U.S. dollar-denominated interest expense partially offset by higher interest income and the impact of principal repayments of debt securities.

Income Tax Expense

Income tax expense was $607 million in 2015, an increase of $45 million, or 8%, from $562 million in 2014. This increase was due to a higher effective income tax rate partially offset by lower taxable earnings in 2015.

Income tax expense was $562 million in 2014, an increase of $312 million, or 125%, from $250 million in 2013. This increase was due to higher taxable earnings and a higher effective income tax rate in 2014.

The effective income tax rate for 2015 was 31.0% on unadjusted earnings and 27.25% on adjusted earnings, compared with 27.6% on both unadjusted and adjusted earnings for 2014. The effective income tax rate for 2014 was 27.6%, compared with 22.2% for 2013.

The Company expects a normalized 2016 income tax rate of approximately 27.5%. The Company's 2016 outlook for its normalized income tax rate is based on certain assumptions about events and developments that may or may not materialize or that may be offset entirely or partially by other events and developments, discussed further in Item 1A. Risk Factors. The Company expects an increase in cash tax payments in future years as a significant portion of previously unused income tax operating losses carried forward otherwise available to reduce income taxes, have been utilized.

Liquidity and Capital Resources

The Company believes adequate amounts of Cash and cash equivalents are available in the normal course of business to provide for ongoing operations, including the obligations identified in the tables in Contractual Commitments of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. The Company is not aware of any trends or expected fluctuations in the Company's liquidity that would create any deficiencies. The Company's primary sources of liquidity include its Cash and cash equivalents, its bilateral letters of credit, and its revolving credit facility. As at December 31, 2015, the Company had $650 million of Cash and cash equivalents and, under its bilateral letters of credit facilities, the Company had letters of credit drawn of $375 million from a total available amount of $600 million. As at December 31, 2015, the Company's U.S. $2 billion revolving credit facility, which includes a U.S. $1 billion five-year portion and U.S. $1 billion one-year plus one-year term-out portion, was undrawn. The following discussion of operating, investing and financing activities describes the Company's indicators of liquidity and capital resources.

Operating Activities

Cash provided by operating activities was $2,459 million in 2015 compared to $2,123 million in 2014, an increase of $336 million. The increase in Cash provided by operating activities was primarily due to higher cash generating earnings, and improvements in working capital as a result of a decrease in Accounts receivable attributable to higher collection rates and lower income taxes paid, partially offset by an increase in interest payments resulting from debt issued in 2015.

Cash provided by operating activities was $2,123 million in 2014, an increase of $173 million from $1,950 million in 2013. This increase was largely due to improved earnings, partially offset by higher income taxes paid and an increase in accounts receivable resulting from higher customer billings.

Investing Activities

Cash used in investing activities was $1,123 million in 2015, an increase of $373 million from $750 million in 2014. This increase was largely due to the $411 million change in Restricted cash and cash equivalents related to the release of collateral for letters of credit in 2014, and higher additions to properties ("capital programs") in 2015.

This increase was partially offset by higher proceeds from line sales, including $281 million for D&H South in 2015 compared to $236 million for DM&E West in 2014, and the sale of other assets for higher proceeds of $114 million in 2015 compared to $52 million in 2014.

Cash used in investing activities was $750 million in 2014, a decrease of $847 million from $1,597 million in 2013. This decrease was primarily due to a reduction in Restricted cash and cash equivalents related to the collateralizing of letters of credit. In addition the decrease reflects the proceeds received in 2014 from the sale of DM&E West, partially offset by higher additions to properties.

Additions to properties were $1,522 million in 2015, an increase of $73 million from $1,449 million in 2014. The increase, primarily in track and roadway investments, reflects CP's strategy of reinvesting in the plant, enhancing throughput and capacity, and optimizing existing assets.

Additions to properties were $1,449 million in 2014, an increase of $213 million from $1,236 million in 2013. The increase, primarily in track and rolling stock investments, reflects CP's strategy of reinvesting in the plant, enhancing throughput and capacity, and optimizing existing assets.

Capital Programs

For the year ended December 31 (in millions, except for track miles and crossties)		**2015**	2014	2013
Additions to properties				
Track and roadway	**$**	**1,119**	$ 1,011	$ 831
Rolling stock		**158**	219	169
Information systems[(1)]		**79**	96	110
Buildings and other		**180**	150	155
Total – accrued additions to properties		**1,536**	1,476	1,265
Less:				
Non-cash transactions		**14**	27	29
Cash invested in additions to properties (per Consolidated Statements of Cash Flows)	**$**	**1,522**	$ 1,449	$ 1,236
Track installation capital programs				
Track miles of rail laid (miles)		**468**	492	429
Track miles of rail capacity expansion (miles)		**22**	21	24
Crossties installed (thousands)		**1,009**	1,040	926

[(1)] Information systems include hardware and software.

Track and roadway expenditures include the replacement and enhancement of the Company's track infrastructure. Of the $1,119 million additions in 2015, approximately $832 million was invested in the renewal of depleted assets, namely rail, ties, ballast, signals, and bridges. Approximately $54 million was spent on PTC compliance requirements and $233 million was invested in network improvements, which increased productivity and capacity.

Rolling stock investments encompass locomotives and freight cars. In 2015, expenditures on locomotives were approximately $105 million and were focused on the remanufacture of older six-axle units. Freight car investments of approximately $53 million were largely focused on the acquisition of existing units previously held under operating leases.

In 2015, CP invested approximately $79 million in information systems primarily focused on rationalizing and enhancing business systems, providing real-time data, and modernizing core hardware and applications. Investments in buildings and other items were $180 million, and include items such as facility upgrades and renovations, vehicles, containers, and shop equipment.

For 2016, CP expects to invest approximately $1.1 billion in its capital programs, which will be financed with cash generated from operations and leverages the considerable network upgrade and improvement investments that have been made over the last several years. Approximately 75% of planned capital programs are for track and roadway, including approximately $44 million for PTC. Approximately 10% is expected to be allocated to rolling stock assets, including locomotive improvements and the continued acquisition of freight cars previously held under operating leases. Between 5% and 10% is expected to be allocated to information services, and between 5% and 10% is expected to be allocated to buildings and other.

Financing Activities

Cash used in financing activities was $957 million in 2015, a decrease of $673 million from $1,630 million in 2014. This decrease was largely due to the issuance of long-term debt during the 2015 fiscal year for total net proceeds of U.S. $2,669 million ($3,474 million), as discussed further in Item 8. Financial Statements and Supplementary Data, Note 19 Debt. During the first quarter of 2015, the Company also settled a notional U.S. $700 million floating-to-fixed interest rate swap agreements ("forward starting swaps") for a payment of U.S. $50 million ($63 million) that is discussed further in Item 8. Financial Statements and Supplementary Data, Note 20 Financial instruments. In addition, dividend payments decreased by $18 million to $226 million in 2015 as the Company's share repurchase program decreased shares outstanding.

The decrease in Cash used in financing activities was partially offset by higher payments of $2,787 million to buy back shares under the Company's share repurchase program, compared to $2,050 million in 2014, discussed further in Item 8. Financial Statements and Supplementary Data, Note 23 Shareholder's equity, the net repayment of commercial paper of $893 million compared to issuances in 2014 of $771 million, and the early redemption of four notes totalling U.S. $281 million ($374 million). This included the payments of principal of U.S. $247 million ($329 million) and early redemption premium of U.S. $34 million ($45 million).

The Company has available, as sources of financing, up to U.S. $2 billion under its revolving credit facility and up to $225 million under its bilateral letter of credit facilities, discussed further in Item 8. Financial Statements and Supplementary Data, Note 19 Debt. Under the bilateral letter of credit facilities, the Company has the option to post collateral in the form of Cash or cash equivalents, equal at least to the face value of the letter of credit issued. Collateral provided includes highly liquid investments purchased three months or less from maturity and is stated at cost, which approximates market value and is shown separately on the balance sheet as Restricted cash and cash equivalents. The Company can largely withdraw this collateral during any month. As at December 31, 2015, the revolving credit facility was undrawn and the Company did not draw from its revolving credit facility during the 2015 fiscal year. The revolving credit facility agreement requires the Company not to exceed a maximum debt to earnings before interest, tax, depreciation, and amortization ratio. As at December 31, 2015, the Company was in compliance with the threshold stipulated in this financial covenant.

Cash used in financing activities was $1,630 million in 2014, as compared to $220 million in 2013. This increase was largely due to payments made to buy back shares under the Company's share repurchase program and a repayment of a capital lease. These uses of cash were partially offset by proceeds from the issuance of commercial paper of U.S. $675 million ($771 million).

Interest Coverage Ratio

At December 31, 2015, the Company’s interest coverage ratio was 6.0, compared with 8.2 at December 31, 2014. This decrease was primarily due to an increase in Net interest expense of $112 million compared to the prior year, partially offset by a year over year improvement in Earnings before interest and taxes ("EBIT"). In 2015, EBIT was negatively impacted by FX on U.S. dollar-denominated debt and the early redemption premium on notes, and positively impacted by the gain on sale of D&H South, while in 2014 EBIT was negatively impacted by FX on U.S. dollar-denominated debt and positively impacted by the recovery of prior year labour restructuring charges.

Excluding these significant items from EBIT, Adjusted interest coverage ratio was 6.7 at December 31, 2015, compared with 8.3 at December 31, 2014. This decrease was primarily due to an increase in Net interest expense. Interest coverage ratio, Adjusted interest coverage ratio, EBIT, Adjusted EBIT, and significant items are defined and reconciled in Non-GAAP Measures of this Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Credit Measures

Credit ratings provide information relating to the Company’s financing costs, liquidity and operations and affect the Company’s ability to obtain short-term and long-term financing and/or the cost of such financing.

A mid-investment grade credit rating is an important measure in assessing the Company’s ability to maintain access to public financing and to minimize the cost of capital. It also affects the ability of the Company to engage in certain collateralized business activities on a cost-effective basis.

Credit ratings and outlooks are based on the rating agencies’ methodologies and can change from time to time to reflect their views of CP. Their views are affected by numerous factors including, but not limited to, the Company’s financial position and liquidity along with external factors beyond the Company’s control.

As at December 31, 2015, CP's credit rating from Standard & Poor's Rating Services ("Standard & Poor's"), Moody's Investor Service ("Moody's"), and Dominion Bond Rating Service Limited ("DBRS") remain unchanged from December 31, 2014.

Credit ratings as at December 31, 2015[(1)]

Long-term debt			Outlook
Standard & Poor's			
	Long-term corporate credit	**BBB+**	stable
	Senior secured debt	**A**	stable
	Senior unsecured debt	**BBB+**	stable
Moody's			
	Senior unsecured debt	**Baa1**	stable
DBRS			
	Unsecured debentures	**BBB (high)**	stable
	Medium-term notes	**BBB (high)**	stable

$1 billion Commercial paper program		
Standard & Poor's	**A-2**	NA
Moody's	**P-2**	NA
DBRS	**R-2 (high)**	NA

[(1)] Credit ratings are not recommendations to purchase, hold or sell securities and do not address the market price or suitability of a specific security for a particular investor. Credit ratings are based on the rating agencies' methodologies and may be subject to revision or withdrawal at any time by the rating agencies.

The Company's goal is to maintain a degree of continuity and predictability for investors by meeting a minimum threshold. The Adjusted net debt to Adjusted earnings before interest, tax, depreciation and amortization ("EBITDA") ratio for the years ended December 31, 2015, 2014, and 2013 was 2.8, 2.2, and 2.1, respectively. The increase between 2015 and 2014 was due to additional debt issued during the 2015 fiscal year, partially offset by the improved Adjusted income for the year ended December 31, 2015. The increase between 2014 and 2013 was due to additional debt issued in 2014, largely offset by the improved Adjusted income for the year ended December 31, 2014. Adjusted net debt to Adjusted EBITDA ratio and the Adjusted income are defined and reconciled in Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Free Cash

CP generated positive Free cash of $1,155 million in 2015, an increase of $430 million from $725 million in 2014. The increase was primarily due to an increase in cash provided by operating activities and proceeds received from the sale of D&H South in 2015, partially offset by proceeds received from the sale of DM&E West in 2014 and an increase in capital additions. Free cash is defined and reconciled in the Non-GAAP Measures of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Free cash is affected by the seasonal fluctuations and by other factors including the size of the Company's capital programs. Capital additions were $1,522 million in 2015, $73 million higher than 2014. The 2015 capital programs are discussed further above in Investing Activities.

Non-GAAP Measures

The Company presents non-GAAP measures and cash flow information to provide a basis for evaluating underlying earnings and liquidity trends in the Company's business that can be compared with the results of operations in prior periods. In addition, these non-GAAP measures facilitate a multi-period assessment of long-term profitability allowing management and other external users of the Company's consolidated financial information to compare profitability on a long-term basis, including assessing future profitability, with that of the Company's peers.

These non-GAAP measures have no standardized meaning and are not defined by GAAP and, therefore, may not be comparable to similar measures presented by other companies. The presentation of these non-GAAP measures is not intended to be considered in isolation from, as a substitute for, or as superior to the financial information presented in accordance with GAAP.

Adjusted Performance Measures

The Company uses Adjusted operating income, Adjusted income, Adjusted diluted earnings per share and Adjusted operating ratio to evaluate the Company's operating performance and for planning and forecasting future business operations and future profitability. These non-GAAP measures are presented in Item 6. Selected Financial Data and discussed further in other sections of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. These non-GAAP measures provide meaningful supplemental information regarding operating results because they exclude certain significant items that are not considered indicative of future financial trends either by nature or amount. As a result, these items are excluded for management assessment of operational performance, allocation of resources and preparation of annual budgets. These significant items may include, but are not limited to, restructuring and asset impairment charges, individually significant gains and losses from sales of assets and certain items outside the control of management. These items may not be non-recurring. However, excluding these significant items from GAAP results allows for a consistent understanding of the Company's consolidated financial performance when performing a multi-period assessment including assessing the likelihood of future results. Accordingly, these non-GAAP financial measures may provide insight to investors and other external users of the Company's consolidated financial information.

In 2015, there were four significant items included in Net income as follows:

- in the third quarter, a $68 million gain ($42 million after tax) related to the sale of D&H South;
- in the third quarter, a $47 million charge ($35 million after tax) related to the early redemption premium on notes;
- in the second quarter, an income tax expense of $23 million as a result of the change in the Alberta provincial corporate income tax rate; and
- during the course of the year, net non-cash loss of $297 million ($257 million after tax) due to FX translation of the Company's U.S. dollar-denominated debt as follows:
    - in the fourth quarter, a $115 million loss ($100 million after tax);
    - in the third quarter, a $128 million loss ($111 million after tax);
    - in the second quarter, a $10 million gain ($9 million after tax); and
    - in the first quarter, a $64 million loss ($55 million after tax).

In 2014, there were two significant items included in Net income as follows:

- in the fourth quarter, $12 million net non-cash loss ($9 million after tax) due to FX translation on the Company's U.S. dollar-denominated debt; and
- in the first quarter, a recovery of $4 million ($3 million after tax) was recorded for the Company's 2012 labour restructuring initiative due to favourable experience gains, recorded in Compensation and benefits.

In 2013, there were five significant items included in Net income as follows:

- in the fourth quarter, an asset impairment charge and accruals for future costs totalling $435 million ($257 million after tax) relating to the sale of DM&E West, which closed in the second quarter of 2014;
- in the fourth quarter, management transition costs related to the retirement of the Company's CFO and the appointment of the new CFO of $5 million ($4 million after tax);
- in the fourth quarter, a recovery of $7 million ($5 million after tax) of the Company's 2012 labour restructuring initiative due to favourable experience gains;
- in the third quarter, an income tax expense of $7 million as a result of the change in the province of British Columbia's corporate income tax rate; and
- in the first quarter, a recovery of U.S. $9 million (U.S. $6 million after tax) related to settlement of certain management transition amounts that had been subject to legal proceedings.

In 2012, there were six significant items included in Net income as follows:

- in the fourth quarter, an asset impairment charge of $185 million ($111 million after tax) with respect to the option to build into the Powder River Basin and another investment;
- in the fourth quarter, an asset impairment charge of $80 million ($59 million after tax) related to a certain series of locomotives;
- in the fourth quarter, a labour restructuring charge of $53 million ($39 million after tax) as part of a restructuring initiative;
- in the second quarter, a charge of $42 million ($29 million after tax) with respect to compensation and other management transition costs;

- in the first and second quarters, advisory fees of $27 million ($20 million after tax) related to shareholder matters; and
- in the second quarter, an income tax expense of $11 million as a result of the change in the province of Ontario's corporate income tax rate.

In 2011, there were two significant items included in Net income as follows:
- in the fourth quarter, advisory fees of $6 million ($5 million after tax) related to shareholder matters; and
- in the fourth quarter, a benefit of $37 million resulting from the resolution of certain tax matters.

Reconciliation of Non-GAAP Performance Measures to GAAP Performance Measures

The following tables reconcile non-GAAP measures presented in Item 6. Selected Financial Data and discussed further in other sections of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations to the most directly comparable measures presented in accordance with GAAP for the years ended December 31, 2015, 2014, 2013, 2012 and 2011:

Adjusted operating income is calculated as Operating income reported on a GAAP basis less significant items.

Operating income		For the year ended December 31				
(in millions)		**2015**	2014	2013	2012	2011
Adjusted operating income	**$**	**2,620** $	2,335 $	1,844 $	1,309 $	967
Add significant items:						
Gain on sale of D&H South		**68**	—	—	—	—
Labour restructuring		**—**	4	7	(53)	—
Asset impairments		**—**	—	(435)	(265)	—
Management transition costs		**—**	—	4	(42)	—
Operating income as reported	**$**	**2,688** $	2,339 $	1,420 $	949 $	967

Adjusted income is calculated as Net income reported on a GAAP basis less significant items.

Net income		For the year ended December 31				
(in millions)		**2015**	2014	2013	2012	2011
Adjusted income	**$**	**1,625** $	1,482 $	1,132 $	753 $	538
Add significant items, net of tax:						
Gain on sale of D&H South		**42**	—	—	—	—
Labour restructuring		**—**	3	5	(39)	—
Asset impairments		**—**	—	(257)	(170)	—
Management transition costs		**—**	—	2	(29)	—
Advisory fees related to shareholder matters		**—**	—	—	(20)	(5)
Impact of FX translation on U.S. dollar-denominated debt		**(257)**	(9)	—	—	—
Early redemption premium on notes		**(35)**	—	—	—	—
Income tax rate change		**(23)**	—	(7)	(11)	37
Net income as reported	**$**	**1,352** $	1,476 $	875 $	484 $	570

Adjusted diluted earnings per share is calculated using Adjusted income, as defined above, divided by the weighted-average diluted shares outstanding during the period as determined in accordance with GAAP.

Diluted earnings per share	For the year ended December 31				
	2015	2014	2013	2012	2011
Adjusted diluted earnings per share	**$ 10.10**	$ 8.50	$ 6.42	$ 4.34	$ 3.15
Add significant items:					
Gain on sale of D&H South	**0.26**	—	—	—	—
Labour restructuring	**—**	0.01	0.03	(0.22)	—
Asset impairments	**—**	—	(1.46)	(0.98)	—
Management transition costs	**—**	—	0.01	(0.17)	—
Advisory fees related to shareholder matters	**—**	—	—	(0.12)	(0.03)
Impact of FX translation on U.S. dollar-denominated debt	**(1.60)**	(0.05)	—	—	—
Early redemption premium on notes	**(0.22)**	—	—	—	—
Income tax rate change	**(0.14)**	—	(0.04)	(0.06)	0.22
Diluted earnings per share as reported	**$ 8.40**	$ 8.46	$ 4.96	$ 2.79	$ 3.34

Adjusted operating ratio excludes those significant items that are reported within Operating income. Adjusted operating ratio is a key measure of operating performance tracked by management.

Operating ratio	For the year ended December 31				
	2015	2014	2013	2012	2011
Adjusted operating ratio	**61.0 %**	64.7%	69.9 %	77.0%	81.3%
Add significant items:					
Gain on sale of D&H South	**(1.0)%**	—	—	—	—
Labour restructuring	**—**	—	(0.1)%	0.9%	—
Asset impairments	**—**	—	7.1 %	4.7%	—
Management transition costs	**—**	—	(0.1)%	0.7%	—
Operating ratio as reported	**60.0 %**	64.7%	76.8 %	83.3%	81.3%

ROIC and Adjusted ROIC

ROIC is calculated as Operating income less Other income and charges, tax effected at the Company's annualized effective tax rate, on a rolling twelve-month basis, divided by the sum of Total shareholders' equity, Long-term debt, Long-term debt maturing within one year and Short-term borrowing, as presented in the Company's Consolidated Financial Statements, averaged between the beginning and ending balance over a rolling twelve-month period. Adjusted ROIC excludes significant items reported in Operating income and Other income and charges in the Company's Consolidated Financial Statements, as these significant items are not considered indicative of future financial trends either by nature or amount. ROIC and Adjusted ROIC are all-encompassing performance measures that measure how productively the Company uses its long-term capital investments, representing critical indicators of good operating and investment decisions made by management and are important performance criteria in determining certain elements of the Company's long-term incentive plan. ROIC and Adjusted ROIC are presented in Item 6. Selected Financial Data and discussed further in Results of Operations of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Calculation of ROIC and Adjusted ROIC

(in millions, except for percentages)	**2015**	2014	2013	2012	2011
Operating income for the year ended December 31	**$ 2,688**	$ 2,339	$ 1,420	$ 949	$ 967
Less:					
Other income and charges	**335**	19	17	37	18
Tax[(1)]	**728**	640	312	218	172
	$ 1,625	$ 1,680	$ 1,091	$ 694	$ 777
Average for the twelve months of total shareholders' equity, long-term debt, long-term debt maturing within one year and short-term borrowing	**$ 12,561**	$ 11,653	$ 10,842	$ 9,564	$ 9,259
ROIC	**12.9%**	14.4%	10.1%	7.3%	8.4%

(1) Tax was calculated at annualized effective tax rate for each of the above items for the periods presented.

(in millions, except for percentages)	2015	2014	2013	2012	2011
Adjusted operating income for the year ended December 31	**$ 2,620**	$ 2,335	$ 1,844	$ 1,309	$ 967
Less:					
Other income and charges	**335**	19	17	37	18
Add significant items:					
Advisory fees related to shareholder matters	**—**	—	—	27	6
Impact of FX translation on U.S. dollar-denominated debt	**297**	12	—	—	—
Early redemption premium on notes	**47**	—	—	—	—
Less: tax[(1)]	**716**	642	491	344	221
	$ 1,913	$ 1,686	$ 1,336	$ 955	$ 734
Average for the twelve months of total shareholders' equity, long-term debt, long-term debt maturing within one year and short-term borrowing	**$ 12,561**	$ 11,653	$ 10,842	$ 9,564	$ 9,259
Adjusted ROIC	**15.2%**	14.5%	12.3%	10.0%	7.9%

(1) Tax was calculated at annualized effective tax rate for each of the above items for the periods presented.

Free Cash

Free cash is calculated as Cash provided by operating activities, less Cash used in investing activities, excluding Changes in restricted cash and cash equivalents and investment balances used to collateralize letters of credit, and Dividends paid, adjusted for changes in cash and cash equivalents balances resulting from FX fluctuations. Free cash is a measure that management considers to be an indicator of liquidity. Free cash is useful to investors and other external users of the consolidated financial information as it assists with the evaluation of the Company's ability to generate cash from its operations without incurring additional external financing. Positive Free cash indicates the amount of cash available for reinvestment in the business, or cash that can be returned to investors through increased dividends, stock repurchase programs, debt retirements or a combination of these. Conversely, negative Free cash indicates the amount of cash that must be raised from investors through new debt or equity issues, reduction in available cash balances or a combination of these. Free cash should be considered in addition to, rather than as a substitute for, Cash provided by operating activities. Free cash is presented in Item 6. Selected Financial Data and discussed further in Liquidity and Capital Resources of this Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Reconciliation of Cash Provided by Operating Activities to Free Cash

	For the year ended December 31				
(in millions)	2015	2014	2013	2012	2011
Cash provided by operating activities	**$ 2,459**	$ 2,123	$ 1,950	$ 1,328	$ 512
Cash used in investing activities	**(1,123)**	(750)	(1,597)	(1,011)	(1,044)
Change in restricted cash and cash equivalents used to collateralize letters of credit[(1)]	**—**	(411)	411	—	—
Dividends paid	**(226)**	(244)	(244)	(223)	(193)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	**45**	7	10	(1)	1
Free cash	**$ 1,155**	$ 725	$ 530	$ 93	$ (724)

(1) Changes in restricted cash and cash equivalents related to collateralized letters of credit are discussed further in Item 8. Financial Statements and Supplementary Data, Note 19 Debt.

Interest Coverage Ratio

Interest coverage ratio is measured, on a rolling twelve-month basis, as EBIT divided by Net interest expense. Interest coverage ratio is an indicator of liquidity used in assessing the Company’s debt servicing capabilities. This ratio provides useful information on how the Company's debt servicing capabilities have changed, period over period and in comparison to the Company’s peers. Additionally, investors, analysts, and lenders may use this measure to assess the Company's debt servicing capabilities. Interest coverage ratio is discussed further in Liquidity and Capital Resources of this Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Adjusted interest coverage ratio is calculated as Adjusted EBIT divided by Net interest expense. By excluding significant items which affect EBIT, Adjusted interest coverage ratio assists management in comparing the Company's performance over various reporting periods on a consistent basis. Adjusted interest coverage ratio is discussed further in Liquidity and Capital Resources of this Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Calculation of Interest Coverage Ratio and Adjusted Interest Coverage Ratio

(in millions, except for ratios)		**2015**	2014	2013
EBIT	**$**	**2,353**	$ 2,320	$ 1,403
Adjusted EBIT	**$**	**2,629**	$ 2,328	$ 1,827
Net interest expense	**$**	**394**	$ 282	$ 278
Interest coverage ratio		**6.0**	8.2	5.0
Adjusted interest coverage ratio		**6.7**	8.3	6.6

EBIT is calculated as Operating income, less Other income and charges. Adjusted EBIT excludes significant items reported in Operating income and Other income and charges. These are components of the calculations of Interest coverage ratio and Adjusted interest coverage ratio.

Earnings before interest and tax	**For the year ended December 31**				
(in millions)	**2015**	2014	2013	2012	2011
Adjusted EBIT	**$ 2,629**	$ 2,328	$ 1,827	$ 1,299	$ 955
Add Significant items:					
Gain on sale of D&H South	**68**	—	—	—	—
Labour restructuring	**—**	4	7	(53)	—
Asset impairments	**—**	—	(435)	(265)	—
Management transition	**—**	—	4	(42)	—
Advisory costs related to shareholder matters	**—**	—	—	(27)	(6)
Impact of foreign exchange translation on U.S. dollar-denominated debt	**(297)**	(12)	—	—	—
Early redemption premium on notes	**(47)**	—	—	—	—
EBIT	**2,353**	2,320	1,403	912	949
Less:					
Net interest expense	**394**	282	278	276	252
Income tax expense	**607**	562	250	152	127
Net income as reported	**$ 1,352**	$ 1,476	$ 875	$ 484	$ 570

Adjusted Net Debt to Adjusted EBITDA Ratio

Adjusted net debt is defined as Long-term debt, Long-term debt maturing within one year and Short-term borrowing as reported on the Company's Consolidated Balance Sheets adjusted for pension plans deficit, the net present value of operating leases, which is discounted by the Company's effective interest rate for each of the years presented, and Cash and cash equivalents. Adjusted EBITDA is calculated as Adjusted EBIT plus Depreciation and amortization, adjusted for net periodic pension and other benefit cost and operating lease expense. Adjusted net debt to adjusted EBITDA ratio is calculated as Adjusted net debt divided by Adjusted EBITDA.

The Adjusted net debt to adjusted EBITDA ratio is one of the key metrics used by credit rating agencies in assessing the Company's financial capacities and constraints and determining the credit rating of the Company. By excluding the impact of certain items that are not considered by management in developing a minimum threshold, Adjusted net debt to Adjusted EBITDA ratio provides a metric that management uses to evaluate the Company's financial discipline with respect to capital markets credit sensitivities from management's perspective and communicates it publicly with investors, analysts and credit rating agencies. Adjusted net debt to Adjusted EBITDA ratio is discussed further in Liquidity and Capital Resources of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Calculation of Adjusted Net Debt to Adjusted EBITDA Ratio

(in millions, except for ratios)		**2015**	2014	2013
Adjusted net debt as at December 31	**$**	**9,041**	$ 6,268	$ 5,108
Adjusted EBITDA for the year ended December 31		**3,281**	2,864	2,464
Adjusted net debt to Adjusted EBITDA ratio		**2.8**	2.2	2.1

The following tables reconcile Adjusted net debt to Long-term debt and Adjusted EBITDA to Adjusted EBIT for the years ended December 31, 2015, 2014, and 2013.

Reconciliation of Adjusted Net Debt to Long-term Debt

(in millions)		2015	2014	2013
Adjusted net debt as at December 31	**$**	**9,041**	$ 6,268	$ 5,108
Add:				
Pension plans deficit		**(295)**	(288)	(227)
Net present value of operating leases[(1)]		**(439)**	(447)	(518)
Cash and cash equivalents		**650**	226	476
Long-term debt as at December 31	**$**	**8,957**	$ 5,759	$ 4,839

(1) Operating leases were discounted at the Company's effective interest rate for each of the years presented.

Reconciliation of Adjusted EBITDA to Adjusted EBIT

(in millions)		2015	2014	2013
Adjusted EBITDA for the year ended December 31	**$**	**3,281**	$ 2,864	$ 2,464
Add:				
Adjustment for net periodic pension and other benefit cost		**70**	137	82
Operating lease expense		**(127)**	(121)	(154)
Depreciation and amortization		**(595)**	(552)	(565)
Adjusted EBIT for the year ended December 31	**$**	**2,629**	$ 2,328	$ 1,827

Off-Balance Sheet Arrangements

Guarantees

At December 31, 2015, the Company had residual value guarantees on operating lease commitments of $28 million, compared to $120 million at December 31, 2014. The maximum amount that could be payable under these and all of the Company's other guarantees cannot be reasonably estimated due to the nature of certain guarantees. All or a portion of amounts paid under certain guarantees could be recoverable from other parties or through insurance. As at December 31, 2015, the fair value of these guarantees recognized as a liability was $4 million, compared to $3 million at December 31, 2014.

Contractual Commitments

The accompanying table indicates the Company's obligations and commitments to make future payments for contracts, such as debt, capital lease and commercial arrangements.

Contractual Commitments

At December 31, 2015

Payments due by period (in millions)		Total	2016	2017 & 2018	2019 & 2020	2021 & beyond
Contractual commitments						
Interest on long-term debt and capital lease	**$**	**13,398**	$ 507	$ 983	$ 851	$ 11,057
Long-term debt		**8,784**	26	807	576	7,375
Capital leases		**174**	4	9	11	150
Operating lease[(1)]		**553**	106	153	97	197
Supplier purchase		**1,544**	223	374	196	751
Other long-term liabilities[(2)]		**617**	95	118	112	292
Total contractual commitments	**$**	**25,070**	$ 961	$ 2,444	$ 1,843	$ 19,822

(1) Residual value guarantees on certain leased equipment with a maximum exposure of $28 million are not included in the minimum payments shown above, as management believes that CP will not be required to make payments under these residual guarantees.

(2) Includes expected cash payments for restructuring, environmental remediation, asset retirement obligations, post-retirement benefits, workers' compensation benefits, long-term disability benefits, pension benefit payments for the Company's non-registered supplemental pension plan and certain other long-term liabilities. Projected payments for post-retirement benefits, workers' compensation benefits and long-term disability benefits include the anticipated payments for years 2016 to 2025. Pension contributions for the Company's registered pension plans are not included due to the volatility in calculating them. Pension payments are discussed further in Critical Accounting Estimates of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Certain Other Financial Commitments

In addition to the financial commitments mentioned previously in Off-Balance Sheet Arrangements and Contractual Commitments of this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, the Company is party to certain other financial commitments set forth in the table and discussed below.

Letters of Credit

Letters of credit are obtained mainly to provide security to third parties under the terms of various agreements, including workers' compensation and supplemental pension plan. CP is liable for these contractual amounts in the case of non-performance under these agreements. Letters of credit are accommodated through a revolving credit facility and the Company's bilateral letter of credit facility.

Capital Commitments

The Company remains committed to maintaining the current high level of plant quality and renewing the franchise. As part of this commitment, CP has entered into contracts with suppliers to make various capital purchases related to track programs. Payments for these commitments are due in 2016 through 2032. These expenditures are expected to be financed by cash generated from operations or by issuing new debt.

At December 31, 2015

Amount of commitments per period (in millions)		**Total**	2016	2017 & 2018	2019 & 2020	2021 & beyond
Commitments						
Letters of credit	**$**	**375** $	375 $	— $	— $	—
Capital commitments		**374**	296	44	19	15
Total commitments	**$**	**749** $	671 $	44 $	19 $	15

Critical Accounting Estimates

To prepare consolidated financial statements that conform with GAAP, the Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported periods. Using the most current information available, the Company reviews estimates on an ongoing basis, including those related to environmental liabilities, pensions and other benefits, property, plant and equipment, deferred income taxes, legal and personal injury liabilities and goodwill.

The development, selection and disclosure of these estimates, and this MD&A, have been reviewed by the Board of Directors' Audit Committee, which is composed entirely of independent directors.

Environmental Liabilities

CP estimates the probable cost to be incurred in the remediation of property contaminated by past railway use. The Company screens and classifies sites according to typical activities and scale of operations conducted, and develops remediation strategies for each property based on the nature and extent of the contamination, as well as the location of the property and surrounding areas that may be adversely affected by the presence of contaminants. CP also considers available technologies, treatment and disposal facilities and the acceptability of site-specific plans based on the local regulatory environment. Site-specific plans range from containment and risk management of the contaminants through to the removal and treatment of the contaminants and affected soils and groundwater. The details of the estimates reflect the environmental liability at each property. The Company is committed to fully meeting regulatory and legal obligations with respect to environmental matters.

Liabilities for environmental remediation may change from time to time as new information about previously untested sites becomes known. The net liability may also vary as the courts decide legal proceedings against outside parties responsible for contamination. These potential charges, which cannot be quantified at this time, are not expected to be material to the Company's financial position, but may materially affect income in the period in which a charge is recognized. Material increases to costs would be reflected as increases to Other long-term liabilities and Accounts payable and accrued liabilities on the Company's Consolidated Balance Sheets and to Purchased services and other within Operating expenses on the Consolidated Statements of Income.

At December 31, 2015 and 2014, the accrual for environmental remediation on the Company's Consolidated Balance Sheets amounted to $93 million and $91 million respectively, of which the long-term portion amounting to $80 million in 2015 and $75 million in 2014 was included in Other long-term liabilities and the short-term portion amounting to $13 million in 2015 and $16 million in 2014 was included in Accounts payable and accrued liabilities. Cash payments related to the Company's environmental remediation program totalled $18 million in 2015, compared with $8 million in 2014. The U.S. dollar-denominated portion of the liability was affected by the change in FX, resulting in an increase in environmental liabilities of $12 million in 2015 and $6 million in 2014.

Cash payments for environmental initiatives are estimated to be approximately $13 million in 2016, $11 million in 2017, $10 million in 2018 and a total of approximately $61 million over the remaining years through 2025, which will be paid in decreasing amounts. All payments will be funded from general operations.

CP continues to be responsible for remediation work on portions of a property in the state of Minnesota and continues to retain liability accruals for remaining future expected costs. The costs are expected to be incurred over approximately 10 years. The state's voluntary investigation and remediation program will oversee the work to ensure it is completed in accordance with applicable standards.

Pensions and Other Benefits

CP has defined benefit and defined contribution pension plans. Other benefits include post-retirement medical and life insurance for pensioners, and some post-employment workers' compensation and long-term disability benefits in Canada. Workers' compensation and long-term disability benefits are discussed in the Legal and Personal Injury Liabilities section below. Pension and post-retirement benefits liabilities are subject to various external influences and uncertainties.

Pension costs are actuarially determined using the projected-benefit method pro-rated over the credited service periods of employees. This method incorporates best estimates of expected plan investment performance, salary escalation and retirement ages of employees. The expected return on fund assets is calculated using market-related asset values developed from a five-year average of market values for the fund's public equity securities and absolute return strategies (with each prior year's market value adjusted to the current date for assumed investment income during the intervening period) plus the market value of the fund's fixed income, real estate and infrastructure securities, subject to the market-related asset value not being greater than 120% of the market value nor being less than 80% of the market value.

The discount rate used to determine the benefit obligation is based on market interest rates on high-quality corporate debt instruments with matching cash flows. Unrecognized actuarial gains and losses in excess of 10% of the greater of the benefit obligation and the market-related value of plan assets are amortized over the expected average remaining service period of active employees expected to receive benefits under the plan (approximately 10 years). Prior service costs arising from collectively bargained amendments to pension plan benefit provisions are amortized over the term of the applicable union agreement. Prior service costs arising from all other sources are amortized over the expected average remaining service period of active employees who were expected to receive benefits under the plan at the date of amendment.

The obligations with respect to post-retirement benefits, including health care and life insurance, are actuarially determined and are accrued using the projected-benefit method pro-rated over the credited service periods of employees. The obligations with respect to post-employment benefits, including some workers' compensation and long-term disability benefits in Canada are the actuarial present value of benefits payable to employees with existing claims for injuries or disability.

Pension Liabilities and Pension Assets

The Company included pension benefit liabilities of $285 million in Pension and other benefit liabilities and $10 million in Accounts payable and accrued liabilities on the Company's December 31, 2015 Consolidated Balance Sheets. The Company also included post-retirement benefits accruals of $387 million in Pension and other benefit liabilities and $21 million in Accounts payable and accrued liabilities on the Company's December 31, 2015 Consolidated Balance Sheets. Accruals for self-insured workers' compensation and long-term disability benefit plans, including $86 million in Pension and other benefit liabilities, are discussed in the Legal and Personal Injury Liabilities section below.

The Company included pension benefit assets of $1,401 million in Pension assets on the Company's December 31, 2015 Consolidated Balance Sheets.

Net Periodic Benefit Costs

Net periodic benefit costs for pensions and post-retirement benefits were included in Compensation and benefits on the December 31, 2015 Consolidated Statements of Income. Combined net periodic benefit costs for pensions and post-retirement benefits (excluding self-insured workers' compensation and long-term disability benefits) were $66 million in 2015, compared with net periodic benefit credits of $19 million in 2014.

Net periodic benefit costs for pensions were $41 million in 2015, compared with net periodic benefit credits of $44 million in 2014. The benefit cost portion related to defined benefit pensions was $32 million in 2015, compared with the benefit credit portion of $52 million in 2014. The benefit cost portion related to defined contribution pensions (equal to contributions) was $9 million in 2015, compared with $8 million for 2014. Net periodic benefit costs for post-retirement benefits were $25 million in 2015, compared with $25 million in 2014.

CP estimates net periodic benefit credits for defined benefit pensions to be approximately $90 million in 2016, and net periodic benefit costs for defined contribution pensions to be approximately $9 million in 2016. Net periodic benefit costs for post-retirement benefits in 2016 are not expected to differ materially from the 2015 costs.

Pension Plan Contributions

The Company made contributions of $81 million to the defined benefit pension plans in 2015, compared with $80 million in 2014. The Company's main Canadian defined benefit pension plan accounts for 95% of CP's pension obligation and can produce significant volatility in pension funding requirements, given the pension fund's size, the many factors that drive the pension plan's funded status, and Canadian statutory pension funding requirements. The Company made voluntary prepayments of $600 million in 2011, $650 million in 2010 and $500 million in 2009 to the Company's main Canadian defined benefit pension plan. CP has applied $1,276 million of these voluntary prepayments to reduce its pension funding requirements in 2012–2015, leaving $474 million of the voluntary prepayments still available at December 31, 2015 to reduce CP's pension funding requirements in 2016 and future years. CP continues to have significant flexibility with respect to the rate at which the remaining voluntary prepayments are applied to reduce future years' pension contribution requirements, which allows CP to manage the volatility of future pension funding requirements. At this time, CP estimates it will apply $35 million of the remaining voluntary prepayments against its 2016 pension funding requirements.

CP estimates its aggregate pension contributions, including its defined benefit and defined contribution plan, to be in the range of $80 million to $90 million in 2016, and in the range of $60 million to $110 million per year from 2017 to 2019. These estimates reflect the Company's current intentions with respect to the rate at which CP will apply the remaining voluntary prepayments against contribution requirements in the next few years.

Future pension contributions will be highly dependent on the Company's actual experience with such variables as investment returns, interest rate fluctuations and demographic changes, on the rate at which previous years' voluntary prepayments are applied against pension contribution requirements, and on any changes in the regulatory environment. CP will continue to make contributions to the pension plans that, at a minimum, meet pension legislative requirements.

Pension Plan Risks

Fluctuations in the liability and net periodic benefit costs for pensions result from favourable or unfavourable investment returns and changes in long-term interest rates. The impact of favourable or unfavourable investment returns is moderated by the use of a market-related asset value for the main Canadian defined benefit pension plan's public equity securities and absolute return strategies. The impact of changes in long-term rates on pension obligations is partially offset by their impact on the pension funds' investments in fixed income assets.

The plans' investment policy provides a target allocation of approximately 46% of the plans' assets to be invested in public equity securities. As a result, stock market performance is a key driver in determining the pension funds' asset performance. If the rate of investment return on the plans' public equity securities in 2015 had been 10 percentage points higher (or lower) than the actual 2015 rate of investment return on such securities, 2016 net periodic benefit costs for pensions would be lower (or higher) by $26 million.

Changes in bond yields can result in changes to discount rates and to changes in the value of fixed income assets. If the discount rate as at December 31, 2015 had been higher (or lower) by 0.1% with no related changes in the value of the pension funds' investment in fixed income assets, 2016 net periodic benefit costs for pensions would be lower (or higher) by $13 million. However, a change in bond yields would also lead to a change in the value of the pension funds' investment in fixed income assets, and this change would partially offset the impact to net periodic benefit costs noted above.

The Company estimates that an increase in the discount rate of 0.1% would decrease the defined benefit pension plans' projected benefit obligations by approximately $151 million, and estimates that a decrease in the discount rate of 0.1% would increase the defined benefit pension plans' projected benefit obligations by approximately $153 million. Similarly, for every 0.1% the actual return on assets varies above (or below) the estimated return for the year, the value of the defined benefit pension plans' assets would increase (or decrease) by approximately $12 million.

Adverse experience with respect to these factors could eventually increase funding and pension expense significantly, while favourable experience with respect to these factors could eventually decrease funding and pension expense significantly.

Fluctuations in the post-retirement benefit obligation also can result from changes in the discount rate used. A 0.1% increase (decrease) in the discount rate would decrease (increase) the obligation by approximately $6 million.

CP reviews its pensioner mortality experience to ensure that the mortality assumption continues to be appropriate, or to determine what changes to the assumption is needed.

Property, Plant and Equipment

The Company follows the group depreciation method under which a single depreciation rate is applied to the total cost in a particular class of property, despite differences in the service life or salvage value of individual properties within the same class. CP performs depreciation studies of each property group approximately every three years to update depreciation rates. The depreciation studies are based on statistical analysis of historical retirements of properties in the group and incorporate engineering estimates of changes in current operations and of technological advances. CP depreciates the cost of properties, net of salvage, on a straight-line basis over the estimated useful life of the property group. The estimates of economic lives are uncertain and can vary due to technological changes or in the rate of wear. Additionally, the depreciation rates are updated to reflect the change in residual values of the assets in the class. Under the group depreciation method, retirements or disposals of properties in the normal course of business are accounted for by charging the cost of the property less any net salvage to accumulated depreciation. For the sale or retirement of larger groups of depreciable assets that are unusual and were not included in the Company's depreciation studies, CP records a gain or loss for the difference between net proceeds and net book value of the assets sold or retired.

Due to the capital intensive nature of the railway industry, depreciation represents a significant part of operating expenses. The estimated useful lives of properties have a direct impact on the amount of depreciation recorded as a component of Properties on the Company's Consolidated Balance Sheets. At December 31, 2015 and 2014, accumulated depreciation was $6,952 million and $6,505 million, respectively.

Revisions to the estimated useful lives and net salvage projections for properties constitute a change in accounting estimate and are addressed prospectively by amending depreciation rates. It is anticipated that there will be changes in the estimates of weighted average useful lives and net salvage for each property group as assets are acquired, used and retired. Substantial changes in either the useful lives of properties or the salvage assumptions could result in significant changes to depreciation expense. For example, if the estimated average life of road locomotives, the largest asset group, increased (or decreased) by 5%, annual depreciation expense would decrease (or increase) by approximately $3 million.

The Company reviews the carrying amounts of properties when circumstances indicate that such carrying amounts may not be recoverable based on future undiscounted cash flows. When such properties are determined to be impaired, recorded asset values are revised to their fair values and an impairment loss is recognized.

Deferred Income Taxes

CP accounts for deferred income taxes based on the liability method. This method focuses on the Company's balance sheet and the temporary differences otherwise calculated from the comparison of book versus tax values. It is assumed that such temporary differences will be settled in the deferred income tax assets and liabilities at the balance sheet date.

In determining deferred income taxes, the Company makes estimates and assumptions regarding deferred tax matters, including estimating the timing of the realization and settlement of deferred income tax assets (including the benefit of tax losses) and liabilities. Deferred income taxes are calculated using enacted federal, provincial, and state future income tax rates, which may differ in future periods.

A deferred income tax expense of $234 million was included in Income tax expense for 2015 and $354 million was included in Income tax expense in 2014. The decrease in deferred income tax expense in 2015 was primarily due to the reclassification of deferred tax expense to current tax expense related to the D&H South sale, deferred tax recoveries related to FX translation on U.S. dollar-denominated debt and the early redemption premium on notes, and a lower deferred tax expense offset by a higher current tax expense due to the utilization of a significant portion of previously unused income tax operating losses carried forward. At December 31, 2015 and 2014, deferred income tax liabilities of $3,391 million and $2,717 million, respectively, were recorded as a long-term liability and are composed largely of temporary differences related to accounting for properties.

Legal and Personal Injury Liabilities

The Company is involved in litigation in Canada and the U.S. related to CP's business. Management is required to establish estimates of the potential liability arising from incidents, claims and pending litigation, including personal injury claims and certain occupation-related and property damage claims.

Accruals for incidents, claims and litigation, including Workers' Compensation Board ("WCB") accruals, totalled $133 million, net of insurance recoveries, at December 31, 2015 and $150 million at December 31, 2014. At December 31, 2015 and 2014 respectively, the total accrual included $86 million and $89 million in Pension and other benefit liabilities, $18 million and $15 million in Other long-term liabilities and $30 million and $47 million in Accounts payable and accrued liabilities, partially offset by $1 million and $1 million in Other assets.

Legal Liabilities

These estimates are determined on a case-by-case basis. They are based on an assessment of the actual damages incurred and current legal advice with respect to settlements in other similar cases. CP employs experienced claims adjusters who investigate and assess the validity of individual claims made against us and estimate the damages incurred.

A provision for incidents, claims or litigation is recorded based on the facts and circumstances known at the time. CP accrues for likely claims when the facts of an incident become known and investigation results provide a reasonable basis for estimating the liability. The lower end of the range is accrued if the facts and circumstances permit only a range of reasonable estimates and no single amount in that range is a better estimate than any other. Additionally, for administrative expediency, a general provision for lesser value injury cases is kept. Facts and circumstances related to asserted claims can change, and a process is in place to monitor accruals for changes in accounting estimates.

Personal Injury Liabilities

With respect to claims related to occupational health and safety in the provinces of Quebec, Ontario, Manitoba and B.C., claims administered through the WCB are actuarially determined. In the provinces of Saskatchewan and Alberta, the Company is assessed for an annual WCB contribution. As a result, this amount is not subject to estimation by management.

Railway employees in the U.S. are not covered by a workers' compensation program, but are covered by U.S. federal law for railway employees. For accrual purposes, a combination of case-by-case analysis and statistical analysis is utilized.

Goodwill

As part of the acquisition of DM&E in 2007, CP recognized goodwill of U.S. $147 million on the allocation of the purchase price, determined as the excess of the purchase price over the fair value of the net assets acquired. Since the acquisition, the operations of DM&E have been integrated with CP's U.S. operations and the related goodwill is allocated to CP's U.S. reporting unit. Goodwill is tested for impairment at least once per year as at October 1st. The goodwill impairment test determines if the fair value of the reporting unit continues to exceed its net book value, or whether an impairment charge is required. The fair value of the reporting unit is affected by projections of its profitability including estimates of revenue growth, which are inherently uncertain.

The 2015 and 2014 annual test for impairment determined that the estimated fair value of CP's U.S. reporting unit exceeded the net book value including the allocated goodwill by approximately 27% and 102%, respectively.

The impairment test was performed primarily using an income approach based on discounted cash flows. A discount rate of 10.0% was used, based on the Company's weighted average cost of capital. The 2014 impairment test also used a discount rate of 10.0%. A change in discount rates of 0.25% would change the valuation by 4.0% to 4.4%. The valuation used revenue growth projections ranging from 2.8% to 5.0% annually. The revenue growth projection in the 2014 impairment test was 4.0% to 14.8%. A change in the long-term growth rate of 0.25% would change the valuation by 2.5% to 2.7%. A secondary approach used in the valuation was a market approach, which included a comparison of implied earnings multiples of CP U.S. to trading earnings multiples of comparable companies. The derived value of CP U.S. using the income approach compared favourably with the trading multiples of other Class I railroads. The income approach was chosen over the market approach; however, both approaches conclude that the assets of CP U.S. are fairly valued.

Decreases to the profit projections, which could be caused by a prolonged economic recession, or increases to the discount rate used in the valuation, could require an impairment in future periods. The carrying value of CP's goodwill changes from period to period due to changes in the exchange rate. At December 31, 2015, goodwill was $198 million and was $164 million in 2014, the increase was primarily due to the favourable impact of the change in FX.

Forward-Looking Information

This MD&A and Annual Report on Form 10-K contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and other relevant securities legislation. These forward-looking statements include, but are not limited to, statements concerning the Company's defined benefit pension expectations for 2016 and through 2019, our expectations for 2016 which includes: operating ratio below 59%, double-digit EPS growth from full-year 2015 adjusted diluted EPS of $10.10, and capital expenditures of approximately $1.1 billion, as well as statements concerning the Company's operations, anticipated financial performance, business prospects and strategies, including statements concerning the anticipation that cash flow from operations and various sources of financing will be sufficient to meet debt repayments and obligations in the foreseeable future and concerning anticipated capital programs, statements regarding future payments including income taxes and pension contributions, and capital expenditures. Forward-looking information typically contains statements with words such as "financial expectations", "key assumptions", "anticipate", "believe", "expect", "plan", "will", "outlook", "should" or similar words suggesting future outcomes.

Readers are cautioned not to place undue reliance on forward-looking information because it is possible that CP will not achieve predictions, forecasts, projections and other forms of forward-looking information. Current economic conditions render assumptions, although reasonable when made, subject to greater uncertainty. In addition, except as required by law, CP undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise.

By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, including but not limited to the following factors: changes in business strategies; general North American and global economic, credit and business conditions; risks in agricultural production such as weather conditions and insect populations; the availability and price of energy commodities; the effects of competition and pricing pressures; industry capacity; shifts in market demand; inflation; changes in laws and regulations, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; uncertainties of investigations, proceedings or other types of claims and litigation; labour disputes; risks and liabilities arising from derailments; transportation of dangerous goods; timing of completion of capital and maintenance projects; currency and interest rate fluctuations; effects of changes in market conditions on the financial position of pension plans and investments; and various events that could disrupt operations, including severe weather, droughts, floods, avalanches and earthquakes as well as security threats and the governmental response to them, and technological changes.

There are more specific factors that could cause actual results to differ materially from those described in the forward-looking statements contained in this MD&A. These more specific factors are identified and discussed in Item 1A. Risk Factors. Other risks are detailed from time to time in reports filed by CP with securities regulators in Canada and the United States.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

Although CP conducts business primarily in Canada, a significant portion of its revenues, expenses, assets and liabilities including debt are denominated in U.S. dollars. The value of the Canadian dollar is affected by a number of domestic and international factors, including, without limitation, economic performance, and Canadian, U.S. and international monetary policies. Consequently, the Company's results are affected by fluctuations in the exchange rate between these currencies. On an annualized basis, a $0.01 weakening (or strengthening) of the Canadian dollar positively (or negatively) impacts Freight revenues by approximately $29 million and negatively (or positively) impacts Operating expenses by approximately $13 million. FX translation on the Company's U.S. dollar-denominated long-term debt is excluded from these sensitivities. To manage this exposure to fluctuations in exchange rates between Canadian and U.S. dollars, CP may sell or purchase U.S. dollar forwards at fixed rates in future periods. In addition, changes in the exchange rate between the Canadian dollar and other currencies (including the U.S. dollar) make the goods transported by the Company more or less competitive in the world marketplace and may in turn positively or negatively affect revenues.

Interest Rate Risk

In order to meet the Company's capital structure requirements, CP may enter into long-term debt agreements. These debt agreements expose CP to increased interest costs on future fixed debt instruments and existing variable rate debt instruments, should market rates increase. In addition, the present value of the Company's assets and liabilities will also vary with interest rate changes. To manage interest rate exposure, CP may enter into forward rate agreements such as treasury rate locks or bond forwards that lock in rates for a future date, thereby protecting against interest rate increases. CP may also enter into swap agreements whereby one party agrees to pay a fixed rate of interest while the other party pays a floating rate. Contingent on the direction of interest rates, the Company may incur higher costs depending on the contracted rate.

Information concerning market risk is set forth under Item 8. Financial Statements and Supplementary Data, Note 17 Accounts payable and accrued liabilities and Note 19 Debt.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and the Shareholders of Canadian Pacific Railway Limited:

We have audited the accompanying consolidated balance sheets of Canadian Pacific Railway Limited and subsidiaries (the “Company”) as of December 31, 2015 and 2014 and the related consolidated statements of income, comprehensive income, cash flows and changes in shareholders' equity for each of the years in the three-year period ended December 31, 2015. Our audits also included the financial statement schedule listed in the index at Item 15. The consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Canadian Pacific Railway Limited and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 29, 2016 expressed an unqualified opinion on the Company’s internal control over financial reporting.

/s/ Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
February 29, 2016
Calgary, Canada

CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31 (in millions of Canadian dollars except per share data)		**2015**	2014	2013
Revenues				
Freight	**$**	**6,552**	$ 6,464	$ 5,982
Non-freight		**160**	156	151
Total revenues		**6,712**	6,620	6,133
Operating expenses				
Compensation and benefits		**1,371**	1,348	1,378
Fuel		**708**	1,048	1,004
Materials		**184**	193	160
Equipment rents		**174**	155	173
Depreciation and amortization		**595**	552	565
Purchased services and other (Note 11)		**1,060**	985	998
Asset impairment (Note 3)		**—**	—	435
Gain on sale of Delaware & Hudson South (Note 12)		**(68)**	—	—
Total operating expenses		**4,024**	4,281	4,713
Operating income		**2,688**	2,339	1,420
Less:				
Other income and charges (Note 4)		**335**	19	17
Net interest expense (Note 5)		**394**	282	278
Income before income tax expense		**1,959**	2,038	1,125
Income tax expense (Note 6)		**607**	562	250
Net income	**$**	**1,352**	$ 1,476	$ 875
Earnings per share (Note 7)				
Basic earnings per share	**$**	**8.47**	$ 8.54	$ 5.00
Diluted earnings per share	**$**	**8.40**	$ 8.46	$ 4.96
Weighted-average number of shares (millions) (Note 7)				
Basic		**159.7**	172.8	174.9
Diluted		**161.0**	174.4	176.5

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended December 31 (in millions of Canadian dollars)		**2015**	2014	2013
Net income	**$**	**1,352** $	1,476 $	875
Net (loss) gain in foreign currency translation adjustments, net of hedging activities		**(86)**	(32)	3
Change in derivatives designated as cash flow hedges		**(69)**	(49)	(1)
Change in pension and post-retirement defined benefit plans		**1,059**	(941)	1,681
Other comprehensive income (loss) before income taxes (Note 8)		**904**	(1,022)	1,683
Income tax (expense) recovery on above items (Note 8)		**(162)**	306	(418)
Other comprehensive income (loss) (Note 8)		**742**	(716)	1,265
Comprehensive income	**$**	**2,094** $	760 $	2,140

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

As at December 31 (in millions of Canadian dollars except Common Shares)		2015	2014
Assets			
Current assets			
Cash and cash equivalents	**$**	**650**	$ 226
Accounts receivable, net (Note 10)		**645**	702
Materials and supplies		**188**	177
Other current assets		**54**	116
		1,537	1,221
Investments (Note 13)		**152**	112
Properties (Note 14)		**16,273**	14,438
Assets held for sale (Note 12)		**—**	182
Goodwill and intangible assets (Note 15)		**211**	176
Pension asset (Note 24)		**1,401**	304
Other assets (Note 16)		**63**	117
Total assets	**$**	**19,637**	$ 16,550
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities (Note 17)	**$**	**1,417**	$ 1,277
Long-term debt maturing within one year (Note 19)		**30**	134
		1,447	1,411
Pension and other benefit liabilities (Note 24)		**758**	755
Other long-term liabilities (Note 21)		**318**	432
Long-term debt (Note 19)		**8,927**	5,625
Deferred income taxes (Note 6)		**3,391**	2,717
Total liabilities		**14,841**	10,940
Shareholders' equity			
Share capital (Note 23)		**2,058**	2,185
Authorized unlimited Common Shares without par value. Issued and outstanding are 153.0 million and 166.1 million at December 31, 2015 and 2014, respectively.			
Authorized unlimited number of first and second preferred shares; none outstanding.			
Additional paid-in capital		**43**	36
Accumulated other comprehensive loss (Note 8)		**(1,477)**	(2,219)
Retained earnings		**4,172**	5,608
		4,796	5,610
Total liabilities and shareholders' equity	**$**	**19,637**	$ 16,550

Commitments and contingencies (Note 27).

Certain figures have been reclassified due to retrospective adoption of change in accounting policy (Note 2).

See Notes to Consolidated Financial Statements.

Approved on behalf of the Board:

/s/ Andrew F. Reardon	**/s/ Isabelle Courville**
Andrew F. Reardon, Director,	**Isabelle Courville, Director,**
Chair of the Board	**Chair of the Audit Committee**

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31 (in millions of Canadian dollars)		2015	2014	2013
Operating activities				
Net income	**$**	**1,352**	$ 1,476	$ 875
Reconciliation of net income to cash provided by operating activities:				
Depreciation and amortization		**595**	552	565
Deferred income taxes (Note 6)		**234**	354	212
Pension funding in excess of expense (Note 24)		**(49)**	(132)	(55)
Asset impairment (Note 3)		**—**	—	435
Other operating activities, net		**52**	(3)	(80)
Change in non-cash working capital balances related to operations (Note 9)		**275**	(124)	(2)
Cash provided by operating activities		**2,459**	2,123	1,950
Investing activities				
Additions to properties (Note 14)		**(1,522)**	(1,449)	(1,236)
Proceeds from the sale of west end of Dakota, Minnesota and Eastern Railroad (Note 3)		**—**	236	—
Proceeds from the sale of Delaware & Hudson South (Note 12)		**281**	—	—
Proceeds from sale of properties and other assets (Note 11)		**114**	52	73
Change in restricted cash and cash equivalents used to collateralize letters of credit (Note 19)		**—**	411	(411)
Other		**4**	—	(23)
Cash used in investing activities		**(1,123)**	(750)	(1,597)
Financing activities				
Dividends paid		**(226)**	(244)	(244)
Issuance of CP Common Shares (Note 23)		**43**	62	83
Purchase of CP Common Shares (Note 23)		**(2,787)**	(2,050)	—
Issuance of long-term debt, excluding commercial paper (Note 19)		**3,411**	—	—
Repayment of long-term debt, excluding commercial paper (Note 19)		**(505)**	(183)	(56)
Net (repayment) issuance of commercial paper (Note 19)		**(893)**	771	—
Settlement of foreign exchange forward on long-term debt (Note 20)		**—**	17	—
Other		**—**	(3)	(3)
Cash used in financing activities		**(957)**	(1,630)	(220)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents		**45**	7	10
Cash position				
Increase (decrease) in cash and cash equivalents		**424**	(250)	143
Cash and cash equivalents at beginning of year		**226**	476	333
Cash and cash equivalents at end of year	**$**	**650**	$ 226	$ 476
Supplemental disclosures of cash flow information:				
Income taxes paid	**$**	**176**	$ 226	$ 31
Interest paid	**$**	**336**	$ 309	$ 295

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of Canadian dollars except per share data)	Share capital	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
Balance at December 31, 2012	$ 2,127	$ 41	$ (2,768)	$ 5,697	$ 5,097
Net income	—	—	—	875	875
Other comprehensive income (Note 8)	—	—	1,265	—	1,265
Dividends declared ($1.4000 per share)	—	—	—	(246)	(246)
Effect of stock-based compensation expense	—	17	—	—	17
Shares issued under stock option plan (Note 23)	113	(24)	—	—	89
Balance at December 31, 2013	2,240	34	(1,503)	6,326	7,097
Net income	—	—	—	1,476	1,476
Other comprehensive loss (Note 8)	—	—	(716)	—	(716)
Dividends declared ($1.4000 per share)	—	—	—	(241)	(241)
Effect of stock-based compensation expense	—	19	—	—	19
CP Common Shares repurchased (Note 23)	(136)	—	—	(1,953)	(2,089)
Shares issued under stock option plan (Note 23)	81	(17)	—	—	64
Balance at December 31, 2014	2,185	36	(2,219)	5,608	5,610
Net income	—	—	—	1,352	1,352
Other comprehensive income (Note 8)	—	—	742	—	742
Dividends declared ($1.4000 per share)	—	—	—	(221)	(221)
Effect of stock-based compensation expense	—	17	—	—	17
CP Common Shares repurchased (Note 23)	(181)	—	—	(2,567)	(2,748)
Shares issued under stock option plan (Note 23)	54	(10)	—	—	44
Balance at December 31, 2015	**$ 2,058**	**$ 43**	**$ (1,477)**	**$ 4,172**	**$ 4,796**

See Notes to Consolidated Financial Statements.

Canadian Pacific Railway Limited ("CPRL"), through its subsidiaries (collectively referred to as "CP" or "the Company"), operates a transcontinental railway in Canada and the United States. CP provides rail and intermodal transportation services over a network of approximately 12,500 miles, serving the principal business centres of Canada from Montreal, Quebec, to Vancouver, British Columbia, and the U.S. Northeast and Midwest regions. CP's railway network feeds directly into the U.S. heartland from the East and West coasts. Agreements with other carriers extend the Company's market reach east of Montreal in Canada, throughout the U.S. and into Mexico. CP transports bulk commodities, merchandise freight and intermodal traffic. Bulk commodities include grain, coal, fertilizers and sulphur. Merchandise freight consists of finished vehicles and automotive parts, as well as forest and industrial and consumer products. Intermodal traffic consists largely of retail goods in overseas containers that can be transported by train, ship and truck, and in domestic containers and trailers that can be moved by train and truck.

1 Summary of significant accounting policies

Accounting principles generally accepted in the United States of America ("GAAP")

These consolidated financial statements are expressed in Canadian dollars and have been prepared in accordance with GAAP.

Principles of consolidation

These consolidated financial statements include the accounts of CP and all its subsidiaries. The Company's investments in which it has significant influence are accounted for using the equity method. All intercompany accounts and transactions have been eliminated.

Use of estimates

The preparation of these consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the year, the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. Management regularly reviews its estimates, including those related to environmental liabilities, pensions and other benefits, depreciable lives of properties, goodwill, deferred income tax assets and liabilities, as well as legal and personal injury liabilities based upon currently available information. Actual results could differ from these estimates.

Principal subsidiaries

The following list sets out CPRL's principal railway operating subsidiaries, including the jurisdiction of incorporation. All of these subsidiaries are wholly owned, directly or indirectly, by CPRL as at December 31, 2015.

Principal subsidiary	Incorporated under the laws of
Canadian Pacific Railway Company	Canada
Soo Line Railroad Company ("Soo Line")	Minnesota
Delaware and Hudson Railway Company, Inc. ("D&H")	Delaware
Dakota, Minnesota & Eastern Railroad Corporation ("DM&E")	Delaware
Mount Stephen Properties Inc. ("MSP")	Canada

Revenue recognition

Railway freight revenues are recognized based on the percentage of completed service method. The allocation of revenue between reporting periods is based on the relative transit time in each reporting period with expenses recognized as incurred. Volume rebates to customers are accrued as a reduction of freight revenues based on estimated volume and contract terms as freight service is provided. Other revenues, including passenger revenue, revenue from leasing certain assets, switching fees, and revenue from logistics services, are recognized as service is performed or contractual obligations are met. Revenues are presented net of taxes collected from customers and remitted to government authorities.

Cash and cash equivalents

Cash and cash equivalents include highly liquid short-term investments that are readily convertible to cash with original maturities of three months or less, but exclude cash and cash equivalents subject to restrictions.

Restricted cash and cash equivalents

Cash and cash equivalents that are restricted as to withdrawal or usage, in accordance with specific agreements, are presented as restricted cash and cash equivalents on the balance sheets when applicable.

Foreign currency translation

Assets and liabilities denominated in foreign currencies, other than those held through foreign subsidiaries, are translated into Canadian dollars at the year-end exchange rate for monetary items and at the historical exchange rates for non-monetary items. Foreign currency revenues and expenses are translated at the exchange rates in effect on the dates of the related transactions. Foreign exchange ("FX") gains and losses, other than those arising from the translation of the Company's net investment in foreign subsidiaries, are included in income.

The accounts of the Company's foreign subsidiaries are translated into Canadian dollars using the year-end exchange rate for assets and liabilities and the average exchange rates during the year for revenues, expenses, gains and losses. FX gains and losses arising from the translation of these foreign subsidiaries' accounts are included in "Other comprehensive income (loss)". A portion of U.S. dollar-denominated long-term debt has been designated as a hedge of the net investment in foreign subsidiaries. As a result, unrealized FX gains and losses on U.S. dollar-denominated long-term debt, designated as a hedge, are offset against FX gains and losses arising from the translation of foreign subsidiaries' accounts in "Other comprehensive income (loss)".

Pensions and other benefits

Pension costs are actuarially determined using the projected-benefit method pro-rated over the credited service periods of employees. This method incorporates management's best estimates of expected plan investment performance, salary escalation and retirement ages of employees. The expected return on fund assets is calculated using market-related asset values developed from a five-year average of market values for the fund's public equity securities and absolute return strategies (with each prior year's market value adjusted to the current date for assumed investment income during the intervening period) plus the market value of the fund's fixed income, real estate and infrastructure securities, subject to the market-related asset value not being greater than 120% of the market value nor being less than 80% of the market value. The discount rate used to determine the projected benefit obligation is based on blended market interest rates on high-quality corporate debt instruments with matching cash flows. Unrecognized actuarial gains and losses in excess of 10% of the greater of the benefit obligation and the market-related value of plan assets are amortized over the expected average remaining service period of active employees expected to receive benefits under the plan (approximately 10 years). Prior service costs arising from collectively bargained amendments to pension plan benefit provisions are amortized over the term of the applicable union agreement. Prior service costs arising from all other sources are amortized over the expected average remaining service period of active employees who are expected to receive benefits under the plan at the date of amendment.

Costs for post-retirement and post-employment benefits other than pensions, including post-retirement health care and life insurance and some workers' compensation and long-term disability benefits in Canada, are actuarially determined on a basis similar to pension costs.

The over or under funded status of defined benefit pension and other post-retirement benefit plans are measured as the difference between the fair value of the plan assets and the benefit obligation, and are recognized on the balance sheets. In addition, any unrecognized actuarial gains and losses and prior service costs and credits that arise during the period are recognized as a component of "Other comprehensive income (loss)", net of tax.

Gains and losses on post-employment benefits that do not vest or accumulate, including some workers' compensation and long-term disability benefits in Canada, are included immediately in income as "Compensation and benefits".

Materials and supplies

Materials and supplies are carried at the lower of average cost or market and consist primarily of fuel and parts used in the repair and maintenance of track structures, equipment, locomotives and freight cars.

Properties

Fixed asset additions and major renewals are recorded at cost, including direct costs, attributable indirect costs and carrying costs, less accumulated depreciation and any impairment. When there is a legal obligation associated with the retirement of property, a liability is initially recognized at its fair value and a corresponding asset retirement cost is added to the gross book value of the related asset and amortized to expense over the estimated term to retirement. The Company reviews the carrying amounts of its properties whenever changes in circumstances indicate that such carrying amounts may not be recoverable based on future undiscounted cash flows. When such properties are determined to be impaired, recorded asset values are revised to their fair value.

The Company recognizes expenditures as additions to properties or operating expenses based on whether the expenditures increase the output or service capacity, lower the associated operating costs or extend the useful life of the properties and whether the expenditures exceed minimum physical and financial thresholds.

Much of the additions to properties, both new and replacement properties, are self-constructed. These are initially recorded at cost, including direct costs and attributable indirect costs, overheads and carrying costs. Direct costs include, among other things, labour costs, purchased services, equipment costs and material costs. Attributable indirect costs and overheads include incremental long-term variable costs resulting from the execution of capital projects. Indirect costs include largely local crew facilities, highway vehicles, work trains and area management costs. Overheads primarily include a portion of the cost of the Company's engineering department, which plans, designs and administers these capital projects. These costs are allocated to projects by applying a measure consistent with the nature of the cost based on cost studies. For replacement properties, the project costs are allocated to dismantling and installation based on cost studies. Dismantling work is performed concurrently with the installation.

Ballast programs including undercutting, shoulder ballasting and renewal programs that form part of the annual track program are capitalized as this work, and the related added ballast material significantly improves drainage, which in turn extends the life of ties and other track materials. These costs are tracked separately from the underlying assets and depreciated over the period to the next estimated similar ballast program. Spot replacement of ballast is considered a repair which is expensed as incurred.

The costs of large refurbishments are capitalized and locomotive overhauls are expensed as incurred, except where overhauls represent a betterment of the locomotive in which case costs are capitalized.

The Company capitalizes development costs for major new computer systems.

The Company follows group depreciation which groups assets which are similar in nature and have similar economic lives. The property groups are depreciated on a straight-line basis reflecting their expected economic lives determined by studies of historical retirements of properties in the group and engineering estimates of changes in current operations and of technological advances. Actual use and retirement of assets may vary from current estimates, which would impact the amount of depreciation expense recognized in future periods. Rail and other track material in the U.S. are depreciated based directly on usage.

When depreciable property is retired or otherwise disposed of in the normal course of business, the book value, less net salvage proceeds, is charged to accumulated depreciation and if different than the assumptions under the depreciation study could potentially result in adjusted depreciation expense over a period of years. However, when removal costs exceed the salvage value on assets and the Company has no legal obligation to remove the assets, the removal costs incurred are charged to income in the period in which the assets are removed and are not charged to accumulated depreciation.

For the sale or retirement of larger groups of depreciable assets that are unusual and were not considered in depreciation studies, CP records a gain or loss for the difference between net proceeds and net book value of the assets sold or retired.

Equipment under capital lease is included in Properties and depreciated over the period of expected use.

Assets held for sale

Assets to be disposed that meet the held for sale criteria are reported at the lower of their carrying amount and fair value, less costs to sell, and are no longer depreciated.

Goodwill and intangible assets

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets upon acquisition of a business. Goodwill is assigned to the reporting units that are expected to benefit from the business acquisition which, after integration of operations with the railway network, may be different than the acquired business.

The carrying value of goodwill, which is not amortized, is assessed for impairment annually in the fourth quarter of each year, or more frequently as economic events dictate. The fair value of the reporting unit is compared to its carrying value, including goodwill. If the fair value of the reporting unit is less than its carrying value goodwill is potentially impaired. The impairment charge that would be recognized is the excess of the carrying value of the goodwill over the fair value of the goodwill, determined in the same manner as in a business combination.

Intangible assets with finite lives are amortized on a straight-line basis over the estimated useful lives of the respective assets. Favourable leases, customer relationships and interline contracts have amortization periods ranging from 15 to 20 years. When there is a change in the estimated useful life of an intangible asset with a finite life, amortization is adjusted prospectively.

Financial instruments

Financial instruments are contracts that give rise to a financial asset of one party and a financial liability or equity instrument of another party.

Financial instruments are recognized initially at fair value, which is the amount of consideration that would be agreed upon in an arm's-length transaction between willing parties.

Subsequent measurement depends on how the financial instruments have been classified. Accounts receivable and investments, classified as loans and receivables, are measured at amortized cost, using the effective interest method. Certain equity investments, classified as available for sale, are recognized at cost as fair value cannot be reliably established. Cash and cash equivalents are classified as held for trading and are measured at fair value. Accounts payable, accrued liabilities, short-term borrowings, dividends payable, other long-term liabilities and long-term debt, classified as other liabilities, are also measured at amortized cost.

Derivative financial instruments

Derivative financial and commodity instruments may be used from time to time by the Company to manage its exposure to risks relating to foreign currency exchange rates, stock-based compensation, interest rates and fuel prices. When CP utilizes derivative instruments in hedging relationships, CP identifies, designates and documents those hedging transactions and regularly tests the transactions to demonstrate effectiveness in order to continue hedge accounting.

All derivative instruments are classified as held for trading and recorded at fair value. Any change in the fair value of derivatives not designated as hedges is recognized in the period in which the change occurs in the Consolidated Statements of Income in the line item to which the derivative instrument is related. On the Consolidated Balance Sheets they are classified in "Other assets", "Other long-term liabilities", "Other current assets" or "Accounts payable and accrued liabilities" as applicable. Gains and losses arising from derivative instruments may affect the following lines on the Consolidated Statements of Income: "Revenues", "Compensation and benefits", "Fuel", "Other income and charges", and "Net interest expense".

For fair value hedges, the periodic changes in values are recognized in income, on the same line as the changes in values of the hedged items are also recorded. For a cash flow hedge, the change in value of the effective portion is recognized in "Other comprehensive income (loss)". Any ineffectiveness within an effective cash flow hedge is recognized in income as it arises in the same income account as the hedged item. Should a cash flow hedging relationship become ineffective, previously unrealized gains and losses remain within "Accumulated other comprehensive loss" until the hedged item is settled and, prospectively, future changes in value of the derivative are recognized in income. The change in value of the effective portion of a cash flow hedge remains in "Accumulated other comprehensive loss" until the related hedged item settles, at which time amounts recognized in "Accumulated other comprehensive loss" are reclassified to the same income or balance sheet account that records the hedged item.

In the Consolidated Statements of Cash Flows, cash flows relating to derivative instruments designated as hedges are included in the same line as the related hedged items.

The Company may from time to time enter into FX forward contracts to hedge anticipated sales in U.S. dollars, the related accounts receivable and future capital acquisitions. FX translation gains and losses on foreign currency-denominated derivative financial instruments used to hedge anticipated U.S. dollar-denominated sales are recognized as an adjustment of the revenues when the sale is recorded. Those used to hedge future capital acquisitions are recognized as an adjustment of the property amount when the acquisition is recorded.

The Company may from time to time enter into FX forward contracts as part of its short-term cash management strategy. These contracts would not be designated as hedges due to their short-term nature and are carried on the Consolidated Balance Sheets at fair value. Changes in fair value are recognized in income in the period in which the changes occur.

The Company may from time to time enter into interest rate swaps to manage the risk related to interest rate fluctuations. These swap agreements require the periodic exchange of payments without the exchange of the principal amount on which the payments are based. Interest expense on the debt is adjusted to include the payments owing or receivable under the interest rate swaps. These agreements are usually accounted for as cash flow hedges with gains and losses recorded in "Accumulated other comprehensive loss" and amortized to "Net interest expense" in the period that interest on the related debt is charged.

The Company may from time to time enter into forward rate agreements to fix interest rates for anticipated issuances of debt. These agreements are usually accounted for as cash flow hedges with gains and losses recorded in "Accumulated other comprehensive loss" and amortized to "Net interest expense" in the period that interest on the related debt is charged.

Restructuring accrual

Restructuring liabilities are recorded at their present value. The discount related to liabilities is amortized to "Compensation and benefits" over the payment period. Provisions for labour restructuring are recorded in "Other long-term liabilities", except for the current portion, which is recorded in "Accounts payable and accrued liabilities".

Environmental remediation

Environmental remediation accruals, recorded on an undiscounted basis unless a reliably determinable estimate as to amount and timing of costs can be established, cover site-specific remediation programs. The accruals are recorded when the costs to remediate are probable and reasonably estimable. Certain future costs to monitor sites are discounted at a risk free-rate. Provisions for environmental remediation costs are recorded in "Other long-term liabilities", except for the current portion, which is recorded in "Accounts payable and accrued liabilities".

Income taxes

The Company follows the liability method of accounting for income taxes. Deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The effect of a change in income tax rates on deferred income tax assets and liabilities is recognized in income in the period during which the change occurs.

When appropriate, the Company records a valuation allowance against deferred tax assets to reflect that these tax assets may not be realized. In determining whether a valuation allowance is appropriate, CP considers whether it is more likely than not that all or some portion of CP's deferred tax assets will not be realized, based on management's judgment using available evidence about future events.

At times, tax benefit claims may be challenged by a tax authority. Tax benefits are recognized only for tax positions that are more likely than not sustainable upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely to be realized upon settlement. A liability for "unrecognized tax benefits" is recorded for any tax benefits claimed in CP's tax returns that do not meet these recognition and measurement standards.

Investment and other similar tax credits are deferred on the Consolidated Balance Sheets and amortized to "Income tax expense" as the related asset is recognized in income.

Earnings per share

Basic earnings per share are calculated using the weighted average number of common shares outstanding during the year. Diluted earnings per share are calculated using the treasury stock method for determining the dilutive effect of options.

Stock-based compensation

CP follows the fair value based approach to account for stock options. Compensation expense and an increase in "Additional paid-in capital" are recognized for stock options over their vesting period, or over the period from the grant date to the date employees become eligible to retire when this is shorter than the vesting period, based on their estimated fair values on the grant date, as determined using the Black-Scholes option-pricing model.

Any consideration paid by employees on exercise of stock options is credited to "Share capital" when the option is exercised and the recorded fair value of the option is removed from "Additional paid-in capital" and credited to "Share capital".

Compensation expense is also recognized for deferred share units ("DSUs"), performance share units ("PSUs") and restricted share units ("RSUs") using the fair value method. Compensation expense is recognized over the vesting period, or for PSUs and DSUs only, over the period from the grant date to the date employees become eligible to retire when this is shorter than the vesting period. Forfeitures of DSUs, PSUs and RSUs are estimated at issuance and subsequently at the balance sheet date.

The employee share purchase plan ("ESPP") gives rise to compensation expense that is recognized using the issue price by amortizing the cost over the vesting period or over the period from the grant date to the date employees become eligible to retire when this is shorter than the vesting period.

2 Accounting changes

Implemented in 2015

Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)

In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) under FASB Accounting Standards Codification ("ASC") Topic 820 Fair Value Measurement. The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient and certain disclosures related to those investments. This ASU was effective retrospectively for public entities for fiscal years, and interim periods

within those years, beginning on or after December 15, 2015. Early adoption of this ASU is permitted. The Company adopted the provisions of this ASU during the fourth quarter of 2015. As a result of the adoption of ASU 2015-07, $2,426 million and $2,069 million as of December 31, 2015 and 2014, respectively, of net asset value investments in the defined benefit pension plan assets are no longer included in Level 2 and Level 3 within the fair value hierarchy in Note 24.

Balance Sheet Classification of Deferred Taxes

In November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Taxes, an amendment to FASB ASC Topic 740 Income Taxes. The amendments remove the requirement to separate deferred income tax liabilities and assets into current and non-current amounts in the balance sheet. The recognition and measurement guidance for deferred tax assets and liabilities are not affected by the amendments. This ASU can be applied prospectively or retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is permitted. The Company retrospectively adopted the provisions of this ASU during the fourth quarter of 2015.

As a result of the adoption of ASU 2015-17, the comparative period has been adjusted for the retrospective change in accounting principle with a reclassification of $56 million of current "Deferred income tax assets" against long-term "Deferred income tax liabilities" as at December 31, 2014. The Company is able to net these amounts as deferred tax liabilities exceed deferred tax assets in all tax jurisdictions. There was no impact on the Consolidated Statements of Income as a result of the adoption of the provisions of this ASU during the year ended December 31, 2015 and comparative periods.

Future changes

Amendments to the Consolidation Analysis

In February 2015, the FASB issued ASU 2015-02, Amendments to the Consolidation Analysis under FASB ASC Topic 810 Consolidation. The amendments require reporting entities to evaluate whether they should consolidate certain legal entities under the revised consolidation model. Specifically, the amendments modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities (“VIEs”) or voting interest entities, eliminate the presumption that a general partner should consolidate a limited partnership and affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships. This ASU is effective for public entities for fiscal years, and interim periods within those years, beginning after December 15, 2015. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt this ASU. The Company is currently evaluating the impact on the consolidated financial statements from the adoption of this ASU.

Simplifying the Subsequent Measurement of Inventory

In July 2015, the FASB issued ASU 2015-11, Simplifying the Measurement of Inventory under FASB ASC Topic 330 Inventory. The amendments require reporting entities to measure inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The amendments apply to inventory that is measured using the first-in, first-out or average cost basis. This ASU will be effective for public entities for fiscal years, and interim periods within those years, beginning after December 15, 2016, and will be applied prospectively. The Company has not, at this time, ascertained the full impact on the consolidated financial statements from the adoption of the guidance in this ASU but does not expect the impact to be material.

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, a new FASB ASC Topic 606 Revenue from Contracts with Customers, which supersedes the revenue recognition requirements in Topic 605 Revenue Recognition and most industry-specific guidance throughout the Industry Topics of the Codification. This new standard requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new standard requires enhanced disclosures about revenue to help users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers: Deferral of the Effective Date under FASB ASC Topic 606. The amendments defer the effective date of the guidance in ASU 2014-09 for public entities to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt the ASU. The Company is currently evaluating the impact on the consolidated financial statements from the adoption of this ASU.

3 Asset impairment

Dakota, Minnesota & Eastern Railroad – West

On January 2, 2014, the Company executed an agreement with Genesee & Wyoming Inc. ("G&W") for the sale of a portion of CP's DM&E line between Tracy, Minnesota; Rapid City, South Dakota; Colony, Wyoming; and Crawford, Nebraska to connecting branch lines ("DM&E West"). The sale was subject to regulatory approval by the U.S. Surface Transportation Board ("STB").

At December 31, 2013, the estimated fair value less estimated direct selling costs of DM&E West was $222 million. As a result, the Company recorded an asset impairment charge and accruals for future costs associated with the sale totalling $435 million ($257 million after-tax) in 2013. The components of the asset impairment charge and charge for the accruals that were recorded against income as "Asset impairments" are as follows:

(in millions of Canadian dollars)	2013
Property, plant and equipment	$ 426
Intangible assets	2
Goodwill (Note 15)	6
Total asset impairment charge	434
Accruals for future costs	1
Total charge	$ 435

On May 30, 2014, the Company completed the sale of DM&E West to G&W for net proceeds of U.S. $218 million ($236 million).

4 Other income and charges

(in millions of Canadian dollars)	**2015**	2014	2013
Foreign exchange loss on long-term debt	**$ 297**	$ 11	$ 2
Other foreign exchange (gains) losses	**(24)**	—	2
Early redemption premium on notes (Note 19)	**47**	—	—
Other	**15**	8	13
Total other income and charges	**$ 335**	$ 19	$ 17

5 Net interest expense

(in millions of Canadian dollars)	**2015**	2014	2013
Interest cost	**$ 409**	$ 301	$ 296
Interest capitalized to Properties	**(14)**	(15)	(13)
Interest expense	**395**	286	283
Interest income	**(1)**	(4)	(5)
Net interest expense	**$ 394**	$ 282	$ 278

Interest expense includes interest on capital leases of $11 million for the year ended December 31, 2015 (2014 – $12 million; 2013 – $19 million).

6 Income taxes

The following is a summary of the major components of the Company's income tax expense:

(in millions of Canadian dollars)		**2015**	2014	2013
Current income tax expense	**$**	**373**	$ 208	$ 38
Deferred income tax expense				
Origination and reversal of temporary differences		**105**	317	183
Effect of tax rate increases		**23**	—	7
Effect of hedge of net investment in foreign subsidiaries		**100**	42	29
Other		**6**	(5)	(7)
Total deferred income tax expense		**234**	354	212
Total income taxes	**$**	**607**	$ 562	$ 250
Income before income tax expense				
Canada	**$**	**1,099**	$ 1,269	$ 1,019
Foreign		**860**	769	106
Total income before income tax expense	**$**	**1,959**	$ 2,038	$ 1,125
Income tax expense				
Current				
Canada	**$**	**173**	$ 50	$ 4
Foreign		**200**	158	34
Total current income tax expense		**373**	208	38
Deferred				
Canada		**163**	292	256
Foreign		**71**	62	(44)
Total deferred income tax expense		**234**	354	212
Total income taxes	**$**	**607**	$ 562	$ 250

The provision for deferred income taxes arises from temporary differences in the carrying values of assets and liabilities for financial statement and income tax purposes and the effect of loss carry forwards. The items comprising the deferred income tax assets and liabilities are as follows:

(in millions of Canadian dollars)		**2015**	2014
Deferred income tax assets			
Restructuring liability	**$**	**3**	$ 7
Amount related to tax losses carried forward		**16**	28
Liabilities carrying value in excess of tax basis		**89**	214
Future environmental remediation costs		**33**	32
Tax credits carried forward including minimum tax		**—**	20
Other		**69**	69
Total deferred income tax assets		**210**	370
Deferred income tax liabilities			
Properties carrying value in excess of tax basis		**3,553**	3,052
Other		**48**	35
Total deferred income tax liabilities		**3,601**	3,087
Total net deferred income tax liabilities	**$**	**3,391**	$ 2,717

The Company's consolidated effective income tax rate differs from the expected Canadian statutory tax rates. Expected income tax expense at statutory rates is reconciled to income tax expense as follows:

(in millions of Canadian dollars, except percentage)		**2015**	2014	2013
Statutory federal and provincial income tax rate (Canada)		**26.47%**	26.31%	26.32%
Expected income tax expense at Canadian enacted statutory tax rates	**$**	**519**	$ 536	$ 296
Increase (decrease) in taxes resulting from:				
(Gains) / losses not subject to tax		**28**	(5)	(6)
Canadian tax rate differentials		**1**	(1)	(1)
Foreign tax rate differentials		**39**	36	(36)
Effect of tax rate increases		**23**	—	7
Other		**(3)**	(4)	(10)
Income tax expense	**$**	**607**	$ 562	$ 250

The Company has no unrecognized tax benefits from capital losses at December 31, 2015 and 2014.

The Company has not provided a deferred liability for the income taxes, if any, which might become payable on any temporary difference associated with its foreign investments because the Company intends to indefinitely reinvest in its foreign investments and has no intention to realize this difference by a sale of its interest in foreign investments.

During the second quarter of 2015, legislation was enacted to increase the province of Alberta's corporate income tax rate. As a result, the Company recalculated its deferred income taxes as at January 1, 2015 based on this change and recorded an income tax expense of $23 million in the second quarter of 2015.

During the third quarter of 2013, legislation was enacted to increase the province of British Columbia's corporate income tax rate. As a result, the Company recalculated its deferred income taxes as at January 1, 2013 based on this change and recorded an income tax expense of $7 million in the third quarter of 2013.

At December 31, 2015, the Company had income tax operating losses carried forward of $35 million, which have been recognized as a deferred tax asset. Certain of these losses carried forward will begin to expire in 2029, with the majority expiring between 2029 and 2035. The Company also has minimum tax credits of approximately $1 million that are carried forward indefinitely without expiration. The company did not have any investment tax credits carried forward.

It is more likely than not that the Company will realize the majority of its deferred income tax assets from the generation of future taxable income, as the payments for provisions, reserves and accruals are made and losses and tax credits carried forward are utilized.

The following table provides a reconciliation of uncertain tax positions in relation to unrecognized tax benefits for Canada and the United States for the year ended December 31, 2015:

(in millions of Canadian dollars)		**2015**	2014	2013
Unrecognized tax benefits at January 1	**$**	**17**	$ 16	$ 19
Increase in unrecognized:				
Tax benefits related to the current year		**4**	2	4
Dispositions:				
Gross uncertain tax benefits related to prior years		**(6)**	(1)	(7)
Unrecognized tax benefits at December 31	**$**	**15**	$ 17	$ 16

If these uncertain tax positions were recognized, all of the amount of unrecognized tax positions as at December 31, 2015 would impact the Company's effective tax rate.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense in the Company's Consolidated Statements of Income. The total amount of accrued interest and penalties in 2015 was $4 million (2014 – $1 million; 2013 – credit of $1 million). The total amount of accrued interest and penalties associated with the unrecognized tax benefit at December 31, 2015 was $9 million (2014 – $5 million; 2013 – $4 million).

The Company and its subsidiaries are subject to either Canadian federal and provincial income tax, U.S. federal, state and local income tax, or the relevant income tax in other international jurisdictions. The Company has substantially concluded all Canadian

federal and provincial income tax matters for the years through 2012. The federal and provincial income tax returns filed for 2013 and subsequent years remain subject to examination by the Canadian taxation authorities. The Internal Revenue Service ("IRS") of the United States has completed their examinations and issued notices of deficiency for the tax years 2012 through 2013. The Company disagrees with many of their proposed adjustments, and is at the IRS Appeals for those years. The income tax returns for 2014 and subsequent years continue to remain subject to examination by the IRS. Additionally, various U.S. state tax authorities are examining the Company's state income tax returns for years 2011 through 2014. The Company believes that it has recorded sufficient income tax reserves at December 31, 2015 with respect to these income tax examinations.

The Company does not anticipate any material changes to the unrecognized tax benefits previously disclosed within the next twelve months as at December 31, 2015.

7 Earnings per share

Basic earnings per share have been calculated using net income for the year divided by the weighted average number of shares outstanding during the year.

Diluted earnings per share have been calculated using the treasury stock method which assumes that any proceeds received from the exercise of in-the-money options would be used to purchase Common Shares at the average market price for the period. For purposes of this calculation, at December 31, 2015, there were 2.5 million dilutive options outstanding (2014 – 3.1 million; 2013 – 3.2 million).

The number of shares used and the earnings per share calculations are reconciled as follows:

(in millions of Canadian dollars except per share data)		**2015**	2014	2013
Net income	**$**	**1,352**	$ 1,476	$ 875
Weighted average basic shares outstanding		**159.7**	172.8	174.9
Dilutive effect of weighted average number of stock options		**1.3**	1.6	1.6
Weighted average diluted shares outstanding		**161.0**	174.4	176.5
Earnings per share - basic	**$**	**8.47**	$ 8.54	$ 5.00
Earnings per share - diluted	**$**	**8.40**	$ 8.46	$ 4.96

In 2015, the number of options excluded from the computation of diluted earnings per share because their effect was not dilutive was 0.2 million (2014 – 0.1 million; 2013 – nil).

8 Other comprehensive income (loss) and accumulated other comprehensive loss

The components of “Accumulated other comprehensive loss”, net of tax, are as follows:

(in millions of Canadian dollars)		**2015**	2014
Unrealized foreign exchange gain on translation of the net investment in U.S. subsidiaries	**$**	**870**	$ 199
Unrealized foreign exchange loss on translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries		**(741)**	(84)
Deferred losses on settled hedge instruments		**(11)**	(16)
Unrealized effective losses on cash flow hedges		**(89)**	(34)
Amounts for defined benefit pension and other post-retirement plans not recognized in income		**(1,504)**	(2,282)
Equity accounted investments		**(2)**	(2)
Accumulated other comprehensive loss	**$**	**(1,477)**	$ (2,219)

Components of Other comprehensive income (loss) and the related tax effects are as follows:

(in millions of Canadian dollars)	Before tax amount	Income tax recovery (expense)	Net of tax amount
For the year ended December 31, 2015			
Unrealized foreign exchange gain (loss) on:			
Translation of the net investment in U.S. subsidiaries	**$ 671**	**$ —**	**$ 671**
Translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries (Note 20)	**(757)**	**100**	**(657)**
Change in derivatives designated as cash flow hedges:			
Realized loss on cash flow hedges recognized in income	**7**	**(2)**	**5**
Unrealized loss on cash flow hedges	**(76)**	**21**	**(55)**
Change in pension and other benefits actuarial gains and losses	**1,058**	**(281)**	**777**
Change in prior service pension and other benefit costs	**1**	**—**	**1**
Other comprehensive income	**$ 904**	**$ (162)**	**$ 742**
For the year ended December 31, 2014			
Unrealized foreign exchange gain (loss) on:			
Translation of the net investment in U.S. subsidiaries	$ 287	$ —	$ 287
Translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries (Note 20)	(319)	42	(277)
Change in derivatives designated as cash flow hedges:			
Realized gain on cash flow hedges recognized in income	(3)	—	(3)
Unrealized loss on cash flow hedges	(46)	12	(34)
Change in pension and other benefits actuarial gains and losses	(873)	234	(639)
Change in prior service pension and other benefit costs	(68)	18	(50)
Other comprehensive loss	$ (1,022)	$ 306	$ (716)
For the year ended December 31, 2013			
Unrealized foreign exchange gain (loss) on:			
Translation of the net investment in U.S. subsidiaries	$ 220	$ —	$ 220
Translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries (Note 20)	(217)	28	(189)
Change in derivatives designated as cash flow hedges:			
Realized gain on cash flow hedges recognized in income	(19)	—	(19)
Unrealized gain on cash flow hedges	18	—	18
Change in pension and other benefits actuarial gains and losses	1,603	(427)	1,176
Change in prior service pension and other benefit costs	78	(19)	59
Other comprehensive income	$ 1,683	$ (418)	$ 1,265

Changes in accumulated other comprehensive loss by component:

(in millions of Canadian dollars)	Foreign currency net of hedging activities[1]	Derivatives and other[1]	Pension and post-retirement defined benefit plans[1]	Total[1]
Opening balance, 2015	**$ 115**	**$ (52)**	**$ (2,282)**	**$ (2,219)**
Other comprehensive income (loss) before reclassifications	**14**	**(55)**	**585**	**544**
Amounts reclassified from accumulated other comprehensive loss	**—**	**5**	**193**	**198**
Net current-period other comprehensive income (loss)	**14**	**(50)**	**778**	**742**
Closing balance, 2015	**$ 129**	**$ (102)**	**$ (1,504)**	**$ (1,477)**
Opening balance, 2014	$ 105	$ (15)	$ (1,593)	$ (1,503)
Other comprehensive income (loss) before reclassifications	10	(34)	(781)	(805)
Amounts reclassified from accumulated other comprehensive loss	—	(3)	92	89
Net current-period other comprehensive income (loss)	10	(37)	(689)	(716)
Closing balance, 2014	$ 115	$ (52)	$ (2,282)	$ (2,219)

(1)

Amounts are presented net of tax.

Amounts in Pension and post-retirement defined benefit plans reclassified from Accumulated other comprehensive loss

	2015	2014
Amortization of prior service costs[1]	**$ (5)**	$ (68)
Recognition of net actuarial loss[1]	**269**	192
Total before income tax	**$ 264**	$ 124
Income tax recovery	**(71)**	(32)
Net of income tax	**$ 193**	$ 92

(1)

Impacts Compensation and benefits on the Consolidated Statements of Income.

9 Change in non-cash working capital balances related to operations

(in millions of Canadian dollars)	**2015**	2014	2013
Source (use) of cash:			
Accounts receivable, net	**$ 80**	$ (112)	$ (29)
Materials and supplies	**15**	7	(19)
Other current assets	**55**	(75)	5
Accounts payable and accrued liabilities	**125**	56	41
Change in non-cash working capital	**$ 275**	$ (124)	$ (2)

10 Accounts receivable, net

(in millions of Canadian dollars)	**2015**	2014
Freight	**$ 491**	$ 535
Non-freight	**185**	189
	676	724
Allowance for doubtful accounts	**(31)**	(22)
Total accounts receivable, net	**$ 645**	$ 702

The Company maintains an allowance for doubtful accounts based on expected collectability of accounts receivable. Credit losses are based on specific identification of uncollectable accounts, the application of historical percentages by aging category and an assessment of the current economic environment. At December 31, 2015, allowances of $31 million (2014 – $22 million) were

recorded in “Accounts receivable, net”. During 2015, provisions of $7 million of accounts receivable (2014 – $2 million; 2013 – $3 million) were recorded within “Purchased services and other”.

11 Gain on settlement of legal proceedings related to the purchase and sale of a building

In 2013, CP provided an interest free loan pursuant to a court order to a corporation owned by a court appointed trustee (“the judicial trustee”) to facilitate the acquisition of a building. The building was held in trust during the legal proceedings with regard to CP’s entitlement to an exercised purchase option of the building (“purchase option”). As at December 31, 2014, the loan of $20 million and the purchase option with a carrying value of $8 million, were recorded as “Other assets” in the Company’s Consolidated Balance Sheets.

In the first quarter of 2015, CP reached a settlement with a third party that, following the sale of the building to an arm’s-length third party, resulted in resolution of legal proceedings. CP received $59 million for the sale of the building which included repayment of the aforementioned loan to the judicial trustee. A gain of $31 million ($27 million after tax) was recorded as a credit within “Purchased services and other”.

12 Gain on sale of Delaware & Hudson South

On November 17, 2014, the Company announced a proposed agreement with Norfolk Southern Corporation (“NS”) for the sale of approximately 283 miles of the Delaware and Hudson Railway Company, Inc.’s line between Sunbury, Pennsylvania, and Schenectady, New York ("D&H South").

During the first quarter of 2015, the Company finalized a sales agreement with NS for D&H South. The sale, which received approval by the STB on May 15, 2015, was completed on September 18, 2015 for proceeds of $281 million (U.S. $214 million), subject to finalizing post-closing adjustments between the Company and NS in the first quarter of 2016. The assets sold were previously classified as “Assets held for sale” on the Company’s Consolidated Balance Sheet at December 31, 2014. The Company recorded a gain on sale of $68 million ($42 million after tax) from the transaction during the third quarter of 2015.

13 Investments

(in millions of Canadian dollars)		**2015**	2014
Rail investments accounted for on an equity basis	**$**	**115**	$ 82
Other investments		**37**	30
Total investments	**$**	**152**	$ 112

14 Properties

(in millions of Canadian dollars except percentages)	**2015**	**2015**			2014		
	Average annual depreciation rate	**Cost**	**Accumulated depreciation**	**Net book value**	Cost	Accumulated depreciation	Net book value
Track and roadway	2.6%	**$ 16,303**	**$ 4,427**	**$ 11,876**	$ 14,515	$ 4,126	$ 10,389
Buildings	3.2%	**642**	**165**	**477**	571	150	421
Rolling stock	2.3%	**4,041**	**1,524**	**2,517**	3,737	1,414	2,323
Information systems[(1)]	12.2%	**599**	**291**	**308**	631	297	334
Other	3.5%	**1,640**	**545**	**1,095**	1,489	518	971
Total		**$ 23,225**	**$ 6,952**	**$ 16,273**	$ 20,943	$ 6,505	$ 14,438

[(1)] During 2015, CP capitalized costs attributable to the design and development of internal-use software in the amount of $42 million (2014 – $69 million; 2013 – $85 million). Current year depreciation expense related to internal use software was $69 million (2014 – $70 million; 2013 – $84 million).

Capital leases included in properties

(in millions of Canadian dollars)	**2015**			2014		
	Cost	**Accumulated depreciation**	**Net book value**	Cost	Accumulated depreciation	Net book value
Buildings	**$ 1**	**$ 1**	**$ —**	$ 1	$ 1	$ —
Rolling stock	**311**	**96**	**215**	311	87	224
Total assets held under capital lease	**$ 312**	**$ 97**	**$ 215**	$ 312	$ 88	$ 224

15 Goodwill and intangible assets

		Intangible assets			
(in millions of Canadian dollars)	Goodwill	Cost	Accumulated amortization	Net carrying amount	Total goodwill and intangible assets
Balance at December 31, 2013	$ 150	$ 22	$ (10)	$ 12	$ 162
Amortization	—	—	(1)	(1)	(1)
Foreign exchange impact	14	—	1	1	15
Balance at December 31, 2014	$ 164	$ 22	$ (10)	$ 12	$ 176
Amortization	—	—	(1)	(1)	(1)
Foreign exchange impact	31	—	2	2	33
Additions	3	—	—	—	3
Balance at December 31, 2015	**$ 198**	**$ 22**	**$ (9)**	**$ 13**	**$ 211**

As part of the acquisition of DM&E in 2007, CP recognized goodwill of U.S. $147 million on the allocation of the purchase price, determined as the excess of the purchase price over the fair value of the net assets acquired. Since the acquisition, the operations of DM&E have been integrated with CP's U.S. operations and the related goodwill is allocated to CP's U.S. reporting unit. Goodwill is tested for impairment at least once per year as at October 1st. The goodwill impairment test determines if the fair value of the reporting unit continues to exceed its net book value, or whether an impairment charge is required. The fair value of the reporting unit is affected by projections of its profitability including estimates of revenue growth, which are inherently uncertain.

Intangible assets of $13 million (2014 – $12 million), acquired in the acquisition of DM&E, include favourable leases, customer relationships and interline contracts.

The estimated amortization expense for intangible assets for 2016 to 2020 is insignificant each year.

16 Other assets

(in millions of Canadian dollars)	**2015**	2014
Long-term materials	**$ 20**	$ 30
Prepaid leases	**9**	9
Unamortized fees on credit facility	**6**	9
Contracted customer incentives	**5**	9
Long-term receivables	**2**	28
Other	**21**	32
Total other assets	**$ 63**	$ 117

Fees on credit facility and contracted customer incentives are amortized to income over the term of the related facility and over the term of the related revenue contract, respectively.

17 Accounts payable and accrued liabilities

(in millions of Canadian dollars)		2015		2014
Trade payables	**$**	**339**	$	407
Accrued charges		**353**		324
Income and other taxes payable		**218**		95
Accrued interest		**147**		75
Payroll-related accruals		**88**		72
Accrued vacation		**69**		66
Dividends payable		**53**		58
Personal injury and other claims provision		**30**		45
Purchase of CP Common Shares		**—**		39
Provision for environmental remediation (Note 21)		**13**		16
Stock-based compensation liabilities		**48**		14
Provision for restructuring (Note 18)		**6**		11
Other		**53**		55
Total accounts payable and accrued liabilities	**$**	**1,417**	$	1,277

18 Labour restructuring

At December 31, 2015, the provision for restructuring was $12 million (2014 – $24 million; 2013 – $50 million). The restructuring accrual was primarily for labour liabilities arising from restructuring plans, including those from prior year initiatives. Payments are expected to continue in diminishing amounts until 2025.

Set out below is a reconciliation of CP's liabilities associated with its restructuring accrual:

(in millions of Canadian dollars)		2015		2014		2013
Opening balance, January 1	**$**	**24**	$	50	$	89
Accrued		**(2)**		(7)		(8)
Payments		**(11)**		(21)		(33)
Amortization of discount[(1)]		**1**		2		2
Closing balance, December 31	**$**	**12**	$	24	$	50

[(1)] Amortization of discount is charged to income as "Compensation and benefits".

19 Debt

(in millions of Canadian dollars)		Maturity	Currency in which payable	2015	2014
6.500%	10-year Notes (A)	2018-05	U.S.$	**$ 380**	$ 319
6.250%	10-year Medium Term Notes (A)	2018-06	CDN$	**374**	374
7.250%	10-year Notes (A)	2019-05	U.S.$	**484**	405
9.450%	30-year Debentures (A)	2021-08	U.S.$	**346**	290
5.100%	10-year Medium Term Notes (A)	2022-01	CDN$	**125**	125
4.500%	10-year Notes (A)	2022-01	U.S.$	**343**	287
4.450%	12.5-year Notes (A)	2023-03	U.S.$	**483**	405
7.125%	30-year Debentures (A)	2031-10	U.S.$	**484**	406
5.750%	30-year Debentures (A)	2033-03	U.S.$	**339**	282
5.950%	30-year Notes (A)	2037-05	U.S.$	**615**	515
6.450%	30-year Notes (A)	2039-11	CDN$	**400**	400
5.750%	30-year Notes (A)	2042-01	U.S.$	**340**	284
2.900%	10-year Notes (A)	2025-02	U.S.$	**968**	—
3.700%	10.5-year Notes (A)	2026-02	U.S.$	**345**	—
4.800%	30-year Notes (A)	2045-08	U.S.$	**759**	—
4.800%	20-year Notes (A)	2035-09	U.S.$	**413**	—
6.125%	100-year Notes (A)	2115-09	U.S.$	**1,246**	—
Secured Equipment Loan (B)		2015-08	CDN$	**—**	62
5.41%	Senior Secured Notes (C)	2024-03	U.S.$	**138**	121
6.91%	Secured Equipment Notes (D)	2024-10	CDN$	**145**	156
5.57%	Senior Secured Notes (E)	2024-12	U.S.$	**—**	65
7.49%	Equipment Trust Certificates (F)	2021-01	U.S.$	**64**	96
3.88%	Senior Secured Notes Series A & B (G)	2026-10/2026-12	U.S.$	**—**	148
4.28%	Senior Secured Notes (H)	2027-03	U.S.$	**—**	77
Other long-term loans (nil% – 5.50%)		2016 - 2025	U.S.$ / CDN$	**10**	2
Obligations under capital leases					
	(6.313% – 6.99%) (I)	2022 - 2026	U.S.$	**172**	147
	(12.77%) (I)	2031-01	CDN$	**3**	3
Commercial paper (J)			U.S.$	**—**	783
				8,976	5,752
Perpetual 4% Consolidated Debenture Stock (K)			U.S.$	**42**	35
Perpetual 4% Consolidated Debenture Stock (K)			G.B.£	**7**	6
				9,025	5,793
Less: Unamortized fees on long-term debt				**68**	34
				8,957	5,759
Less: Long-term debt maturing within one year				**30**	134
				$ 8,927	$ 5,625

At December 31, 2015, the gross amount of long-term debt denominated in U.S. dollars was U.S. $5,788 million (2014 – U.S. $4,047 million).

Annual maturities and principal repayments requirements, excluding those pertaining to capital leases, for each of the five years following 2015 are (in millions): 2016 – $26; 2017 – $29; 2018 – $778; 2019 – $508; 2020 – $68.

Fees on long-term debt are amortized to income over the term of the related debt.

A. These debentures and notes pay interest semi-annually and are unsecured, but carry a negative pledge.

During the first quarter of 2015, the Company issued U.S. $700 million 2.900% 10-year Notes due February 1, 2025 for net proceeds of U.S. $694 million ($873 million). In addition, the Company settled a notional U.S. $700 million of forward starting floating-to-fixed interest rate swap agreements (“forward starting swaps”) for a payment of U.S. $50 million ($63 million) cash (see Note 20). This payment was included in the same line item as the related hedged item on the Consolidated Statements of Cash Flows. Inclusive of the settlement of the forward starting swap, the annualized effective yield at issuance was 3.61%.

During the third quarter of 2015, the Company issued U.S. $550 million 4.800% 30-year Notes due August 1, 2045 and U.S. $250 million 3.700% 10.5-year notes due February 1, 2026 for a total of U.S. $800 million with net proceeds of U.S. $789 million ($1,032 million).

During the third quarter of 2015, the Company also issued U.S. $900 million 6.125% 100-year Notes due September 15, 2115 and U.S. $300 million 4.800% 20-year Notes due September 15, 2035 for a total of U.S. $1,200 million with net proceeds of U.S. $1,186 million ($1,569 million). At the time of the debt issuance the Company de-designated the hedging relationship for U.S. $700 million of the existing forward starting swaps. The Company did not cash settle these swaps and therefore recorded a non-cash loss of U.S. $36 million ($47 million) in “Accumulated other comprehensive loss” (see Note 20). Subsequently the Company re-designated these U.S. $700 million forward starting swaps as a hedging relationship to fix the benchmark rate on cash flows associated with a highly probable forecasted issuance of long-term notes.

B. The Secured Equipment Loan was collateralized by specific locomotive units. The floating interest rate was calculated based on a six-month average Canadian Dollar Offered Rate (calculated based on an average of Bankers’ Acceptance rates) plus 53 basis points (2015 – 1.74%; 2014 – 1.89%; 2013 – 1.93%). The Company made blended payments of principal and interest semi-annually. Final repayment of the remaining principal balance of $53 million was completed in August 2015.

C. The 5.41% Senior Secured Notes are collateralized by specific locomotive units with a carrying value of $130 million at December 31, 2015. The Company pays equal blended semi-annual payments of principal and interest. Final repayment of the remaining principal of U.S. $44 million is due in March 2024.

D. The 6.91% Secured Equipment Notes are full recourse obligations of the Company collateralized by a first charge on specific locomotive units with a carrying value of $123 million at December 31, 2015. The Company pays equal blended semi-annual payments of principal and interest up to and including October 2024.

E. During the third quarter of 2015, the 5.57% Senior Secured Notes were repaid in advance of their maturities for a total of U.S. $68 million ($91 million). The repayment was inclusive of the remaining principal of the notes, totalling U.S. $55 million ($74 million), an early redemption premium of U.S. $12 million ($16 million), and accrued interest of U.S. $1 million ($1 million). The early redemption premium and accrued interest are included in "Other income and charges" and "Net interest expense" on the Consolidated Statements of Income, respectively. The Company also expensed the unamortized financing fees of $1 million to "Other income and charges" upon payments of the notes.

F. The 7.49% Equipment Trust Certificates are secured by specific locomotive units with a carrying value of $126 million at December 31, 2015. The Company makes semi-annual payments that vary in amount and are interest-only payments or blended principal and interest payments. Final repayment of the remaining principal of U.S. $11 million is due in January 2021.

G. During the third quarter of 2015, the 3.88% Senior Secured Notes Series were repaid in advance of their maturities for a total of U.S. $141 million ($187 million). The repayment is inclusive of the remaining principal of the notes, totalling U.S. $126 million ($168 million), an early redemption premium of U.S. $13 million ($17 million), and accrued interest of U.S. $2 million ($2 million). The early redemption premium and accrued interest are included in "Other income and charges" and "Net interest expense" on the Consolidated Statements of Income, respectively. The Company also expensed the unamortized financing fees of $1 million to "Other income and charges" upon payments of the notes.

H. During the third quarter of 2015, the 4.28% Senior Secured Notes were repaid in advance of their maturities for a total of U.S. $76 million ($101 million). The repayment was inclusive of the remaining principal of the notes, totalling U.S. $66 million ($87 million), an early redemption premium of U.S. $9 million ($12 million), and accrued interest of U.S. $1 million ($2 million). The early redemption premium and accrued interest are included in "Other income and charges" and "Net interest expense" on the Consolidated Statements of Income, respectively. The Company also expensed a negligible amount of unamortized financing fees to "Other income and charges" upon payments of the notes.

I. At December 31, 2015, capital lease obligations included in long-term debt were as follows:

(in millions of Canadian dollars)	Year	Capital leases
Minimum lease payments in:		
	2016	$ 16
	2017	16
	2018	16
	2019	16
	2020	16
	Thereafter	174
Total minimum lease payments		254
Less: Imputed interest		(79)
Present value of minimum lease payments		175
Less: Current portion		(4)
Long-term portion of capital lease obligations		$ 171

During 2015, the Company had no additions to property, plant and equipment under capital lease obligations (2014 – $nil; 2013 – $nil).

The carrying value of the assets collateralizing the capital lease obligations was $215 million at December 31, 2015.

J. During the fourth quarter of 2014, the Company established a commercial paper program which enabled it to issue commercial paper up to a maximum aggregate principal amount of U.S. $1 billion in the form of unsecured promissory notes. The commercial paper program is backed by a U.S. $1 billion committed, revolving credit facility, which matures on September 23, 2017. During the third quarter of 2015, the Company repaid all of its commercial paper borrowings and had no remaining commercial paper borrowings as at December 31, 2015. As at December 31, 2014, the Company had total commercial paper borrowings of U.S. $675 million ($783 million) presented in "Long-term debt" on the Consolidated Balance Sheets as the Company had the intent and the ability to renew these borrowings on a long-term basis. The weighted-average interest rate on these borrowings as at December 31, 2014 was 0.44%.

The Company presents issuances and repayments of commercial paper in the Consolidated Statements of Cash Flows on a net basis, all of which have a maturity less than 90 days.

K. The Consolidated Debenture Stock, authorized by an Act of Parliament of 1889, constitutes a first charge upon and over the whole of the undertaking, railways, works, rolling stock, plant, property and effects of the Company, with certain exceptions.

Credit facility

At September 26, 2014, the Company terminated its then existing revolving credit facility agreement dated as of November 29, 2013. On the same day, CP entered into a new revolving credit facility (the “facility”) agreement with 15 highly rated financial institutions for a commitment amount of U.S. $2 billion. The facility includes a U.S. $1 billion five-year portion and a U.S. $1 billion one-year plus one-year term-out portion. The facility can accommodate draws of cash and/or letters of credit at market competitive pricing. As at December 31, 2014, the facility was undrawn. The agreement required the Company not to exceed a maximum debt to total capitalization ratio. At December 31, 2014, the Company had satisfied this threshold stipulated in the financial covenant.

Effective June 15, 2015, the Company amended the facility agreement dated September 26, 2014, to more accurately reflect the expanded financial capacity of the Company. The amended credit facility agreement requires the Company not to exceed a maximum debt to earnings before interest, tax, depreciation, and amortization ratio.

Effective September 17, 2015, the Company extended the maturity date by one year on its credit facility. The maturity date on the first U.S. $1 billion tranche was extended to September 23, 2017; the maturity date on the second U.S. $1 billion tranche was extended to September 26, 2020. As at December 31, 2015, the Company remains in compliance with all terms and conditions of the credit facility arrangements and satisfied the threshold stipulated in the amended financial covenant. At December 31, 2015, the facility was undrawn.

In October 2014, CP terminated its existing uncommitted demand bilateral letter of credit facility agreements and entered into bilateral letter of credit facility agreements with six highly rated financial institutions to support its requirement to post letters of credit in the ordinary course of business. Under these agreements, the Company has the option to post collateral in the form of cash or cash equivalents, equal at least to the face value of the letter of credit issued. These agreements permit CP to withdraw amounts posted as

collateral at any time; therefore, the amounts posted as collateral are presented as “Cash and cash equivalents” on the Company’s Consolidated Balance Sheets.

At December 31, 2015, under its bilateral facilities the Company had letters of credit drawn of $375 million (December 31, 2014 - $412 million) from a total available amount of $600 million (December 31, 2014 - $600 million). Prior to these bilateral agreements, letters of credit were drawn under the Company’s revolving credit facility. At December 31, 2015, under the terms of the new bilateral letter of credit facilities, no cash and cash equivalents was recorded as “Restricted cash and cash equivalents” (December 31, 2014 – nil).

20 Financial instruments

A. Fair values of financial instruments

The Company categorizes its financial assets and liabilities measured at fair value in line with the fair value hierarchy established by GAAP that prioritizes, with respect to reliability, the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs consist of quoted prices (unadjusted) in active markets for identical assets and liabilities and give the highest priority to these inputs. Level 2 and 3 inputs are based on significant other observable inputs and significant unobservable inputs, respectively, and give lower priority to these inputs.

When possible, the estimated fair value is based on quoted market prices and, if not available, estimates from third-party brokers. For non-exchange traded derivatives classified in Level 2, the Company uses standard valuation techniques to calculate fair value. Primary inputs to these techniques include observable market prices (interest, FX and commodity) and volatility, depending on the type of derivative and nature of the underlying risk. The Company uses inputs and data used by willing market participants when valuing derivatives and considers its own credit default swap spread as well as those of its counterparties in its determination of fair value.

The carrying values of financial instruments equal or approximate their fair values with the exception of long-term debt which has a fair value of approximately $9,750 million at December 31, 2015 (December 31, 2014 – $6,939 million) with a carrying value of $8,957 million (December 31, 2014 – $5,759 million). The estimated fair value of current and long-term borrowings has been determined based on market information where available, or by discounting future payments of interest and principal at estimated interest rates expected to be available to the Company at period end. All derivatives and long-term debt are classified as Level 2.

As at December 31, 2015, the Company did not have any deposits in the form of short-term investments with financial institutions (2014 – $nil).

B. Financial risk management

Derivative financial instruments

Derivative financial instruments may be used to selectively reduce volatility associated with fluctuations in interest rates, FX rates, the price of fuel and stock-based compensation expense. Where derivatives are designated as hedging instruments, the relationship between the hedging instruments and their associated hedged items is documented, as well as the risk management objective and strategy for the use of the hedging instruments. This documentation includes linking the derivatives that are designated as fair value or cash flow hedges to specific assets or liabilities on the Consolidated Balance Sheets, commitments or forecasted transactions. At the time a derivative contract is entered into and at least quarterly thereafter, an assessment is made whether the derivative item is effective in offsetting the changes in fair value or cash flows of the hedged items. The derivative qualifies for hedge accounting treatment if it is effective in substantially mitigating the risk it was designed to address.

It is not the Company’s intent to use financial derivatives or commodity instruments for trading or speculative purposes.

Credit risk management

Credit risk refers to the possibility that a customer or counterparty will fail to fulfill its obligations under a contract and as a result create a financial loss for the Company.

The railway industry predominantly serves financially established customers and the Company has experienced limited financial losses with respect to credit risk. The credit worthiness of customers is assessed using credit scores supplied by a third party, and through direct monitoring of their financial well-being on a continual basis. The Company establishes guidelines for customer credit limits and should thresholds in these areas be reached, appropriate precautions are taken to improve collectability.

Counterparties to financial instruments expose the Company to credit losses in the event of non-performance. Counterparties for derivative and cash transactions are limited to high credit quality financial institutions, which are monitored on an on-going basis. Counterparty credit assessments are based on the financial health of the institutions and their credit ratings from external agencies. The Company does not anticipate non-performance that would materially impact the Company’s financial statements. In addition, the Company believes there are no significant concentrations of credit risk.

FX management

The Company conducts business transactions and owns assets in both Canada and the United States. As a result, the Company is exposed to fluctuations in value of financial commitments, assets, liabilities, income or cash flows due to changes in FX rates. The Company may enter into FX risk management transactions primarily to manage fluctuations in the exchange rate between Canadian and U.S. currencies. FX exposure is primarily mitigated through natural offsets created by revenues, expenditures and balance sheet positions incurred in the same currency. Where appropriate, the Company may negotiate with customers and suppliers to reduce the net exposure.

Occasionally the Company will enter into short-term FX forward contracts as part of its cash management strategy.

Net investment hedge

The FX gains and losses on long-term debt are mainly unrealized and can only be realized when U.S. dollar-denominated long-term debt matures or is settled. The Company also has long-term FX exposure on its investment in U.S. affiliates. The majority of the Company's U.S. dollar-denominated long-term debt has been designated as a hedge of the net investment in foreign subsidiaries. This designation has the effect of mitigating volatility on net income by offsetting long-term FX gains and losses on U.S. dollar-denominated long-term debt and gains and losses on its net investment. The effective portion recognized in "Other comprehensive income" in 2015 was an FX loss of $757 million, the majority of which was unrealized, (2014 – unrealized loss of $319 million; 2013 – unrealized loss of $217 million) (Note 8). There was no ineffectiveness during 2015 (2014 – negligible; 2013 – $nil).

FX forward contracts

The Company may enter into FX forward contracts to lock-in the amount of Canadian dollars it has to pay on U.S. dollar-denominated debt maturities.

At December 31, 2015 and 2014, the Company had no remaining FX forward contracts to fix the exchange rate on U.S. dollar-denominated debt maturities.

During 2014, the Company settled the FX forward contract related to the repayment of a capital lease due in January 2014 for proceeds of $8 million. The Company also settled, prior to maturity, the FX forward contracts related to the repayment of the 6.50% Notes due in May 2018 and its 7.25% Notes due in May 2019 for proceeds of $17 million with the offset recorded as realized gains of $3 million in "Accumulated other comprehensive loss" and $14 million in "Retained earnings". Amounts remaining in "Accumulated other comprehensive loss" are being amortized to "Other income and charges" until the underlying debts, which were hedged, are repaid.

During 2014, the combined realized and unrealized FX gains were $3 million and were recorded in "Other income and charges" in relation to these derivatives (2013 - unrealized gain $18 million). Gains recorded in "Other income and charges" were largely offset by unrealized losses on the underlying debt which the derivatives were designated to hedge. Similarly, losses were largely offset by unrealized gains on the underlying debt.

During 2015, $1 million of pre-tax gain related to these previously settled derivatives has been amortized from "Accumulated other comprehensive loss" to "Other income and charges". At December 31, 2015, the Company expected that, during the next 12 months, a $1 million of pre-tax gain would be reclassified to "Other income and charges".

Interest rate management

The Company is exposed to interest rate risk, which is the risk that the fair value or future cash flows of a financial instrument will vary as a result of changes in market interest rates. In order to manage funding needs or capital structure goals, the Company enters into debt or capital lease agreements that are subject to either fixed market interest rates set at the time of issue or floating rates determined by on-going market conditions. Debt subject to variable interest rates exposes the Company to variability in interest expense, while debt subject to fixed interest rates exposes the Company to variability in the fair value of debt.

To manage interest rate exposure, the Company accesses diverse sources of financing and manages borrowings in line with a targeted range of capital structure, debt ratings, liquidity needs, maturity schedule, and currency and interest rate profiles. In anticipation of future debt issuances, the Company may enter into forward rate agreements, that are designated as cash flow hedges, to substantially lock in all or a portion of the effective future interest expense. The Company may also enter into swap agreements, designated as fair value hedges, to manage the mix of fixed and floating rate debt.

Forward starting swaps

During the fourth quarter of 2014, the Company entered into forward starting floating-to-fixed interest rate swap agreements ("forward starting swaps") totalling a notional U.S. $1.4 billion to fix the benchmark rate on cash flows associated with highly probable forecasted issuances of long-term notes. The effective portion of changes in fair value on the forward starting swaps is recorded in

“Accumulated other comprehensive loss”, net of tax, as cash flow hedges until the probable forecasted notes are issued. Subsequent to the notes issuance, amounts in “Accumulated other comprehensive loss” are reclassified to “Net interest expense”.

During the first quarter of 2015, the Company settled a notional U.S. $700 million of forward starting swaps related to the U.S. $700 million 2.900% 10-year notes issued in the same period. The fair value of these derivative instruments was a loss of U.S. $50 million ($63 million) at the time of settlement. The effective portion of changes in fair value on the forward starting swaps of U.S. $48 million ($60 million), was recorded in “Accumulated other comprehensive loss”, and is amortized to “Net interest expense” over the term of the underlying hedged notes. During 2015, a loss of $5 million related to these previously settled derivatives has been amortized to “Net interest expense”. The Company expects during the next 12 months, $6 million of losses will be amortized to “Net interest expense”. The ineffective portion of U.S. $2 million ($2 million), was recorded immediately in income as “Net interest expense” during the first quarter of 2015.

During the third quarter of 2015, the Company de-designated the hedging relationship for U.S. $700 million of forward starting swaps related to a portion of the U.S. $900 million 6.125% 100-year notes issued. The Company did not cash settle these swaps and therefore recorded a non-cash loss of U.S. $36 million ($47 million) at the time of de-designation. The effective portion of changes in fair value of the de-designated forward starting swaps of U.S. $36 million ($47 million) was recorded in “Accumulated other comprehensive loss” and is amortized to “Net interest expense” over the first 10 years as the underlying interest expense payments, which are hedged, of the U.S. $900 million notes are made. During 2015, a loss of $1 million related to these previously de-designated derivatives has been amortized to “Net interest expense”. The Company expects that during the next 12 months $5 million of losses will be amortized to “Net interest expense”. There was no ineffectiveness to record upon de-designation.

During the third quarter of 2015, the Company re-designated the forward starting swaps totalling U.S. $700 million to fix the benchmark rate on cash flows associated with a highly probable forecasted issuance of long-term notes. The effective portion of changes in fair value from the re-designation date on the forward starting swaps is recorded in “Accumulated other comprehensive loss”, net of tax, as cash flow hedges until the probable forecasted notes are issued. Subsequent to the notes being issued, amounts in “Accumulated other comprehensive loss” will be amortized to “Net interest expense”. As at December 31, 2015, the total fair value loss of $60 million derived from the remaining forward starting swaps was included in “Accounts payable and accrued liabilities” of which $13 million relates to the re-designated existing forward starting swaps. The effective portion of $13 million on the re-designated existing forward starting swaps is reflected in “Other comprehensive income” and the negligible ineffective portion is recorded to “Net interest expense” on the Consolidated Statements of Comprehensive Income and the Consolidated Statements of Income, respectively.

As at December 31, 2014, the unrealized loss derived from the forward starting swaps was $46 million, of which $21 million was included in “Accounts payable and accrued liabilities” and $25 million in “Other long-term liabilities” with the offset reflected in “Other comprehensive (loss) income” on the Consolidated Statements of Comprehensive Income.

Interest rate swaps

During the fourth quarter of 2014, the Company entered into floating-to-fixed interest rate swap agreements totalling U.S. $600 million to hedge the variability in cash flow associated with fluctuations in interest rates on commercial paper issuances. As at December 31, 2015, there were no remaining floating-to-fixed rate swap agreements outstanding. During the third quarter of 2015, as no commercial paper was outstanding or was forecasted to be issued for the balance of the year, the interest rate swaps previously designated as a cash flow hedge were de-designated and a negligible loss was reclassified from "Accumulated other comprehensive loss" to "Net interest expense". A negligible loss on the settlement of the interest rate swaps was recorded to "Net interest expense" during the fourth quarter of 2015.

Treasury rate locks

At December 31, 2015, the Company had net unamortized losses related to interest rate locks, which are accounted for as cash flow hedges, settled in previous years totalling $21 million (December 31, 2014 – $21 million). This amount is composed of various unamortized gains and losses related to specific debts which are reflected in “Accumulated other comprehensive loss” and are amortized to “Net interest expense” in the period that interest on the related debt is charged. The amortization of these gains and losses resulted in a negligible increase to “Net interest expense” and “Other comprehensive income” in 2015 (2014 – negligible; 2013 – negligible). At December 31, 2015, the Company expected that, during the next 12 months, a negligible amount of loss related to these previously settled derivatives would be reclassified to “Net interest expense”.

Fuel price management

The Company is exposed to commodity risk related to purchases of diesel fuel and the potential reduction in net income due to increases in the price of diesel. Fuel expense constitutes a large portion of the Company's operating costs and volatility in diesel fuel prices can have a significant impact on the Company’s income. Items affecting volatility in diesel prices include, but are not limited to, fluctuations in world markets for crude oil and distillate fuels, which can be affected by supply disruptions and geopolitical events.

The impact of variable fuel expense is mitigated substantially through fuel cost recovery programs, which apportion incremental changes in fuel prices to shippers through price indices, tariffs, and by contract, within agreed-upon guidelines. While these programs provide effective and meaningful coverage, residual exposure remains as the fuel expense risk may not be completely recovered from shippers due to timing and volatility in the market.

21 Other long-term liabilities

(in millions of Canadian dollars)		2015		2014
Provision for environmental remediation, net of current portion[1]	**$**	**80**	$	75
Stock-based compensation liabilities, net of current portion		**73**		145
Deferred revenue on rights-of-way licence agreements, net of current portion		**33**		33
Deferred retirement compensation		**28**		24
Deferred gains on sale leaseback transactions		**22**		25
Asset retirement obligations (Note 22)		**22**		23
Provision for restructuring, net of current portion[2] (Note 18)		**6**		13
Deferred hedging losses (Note 20)		**—**		25
Other, net of current portion		**54**		69
Total other long-term liabilities	**$**	**318**	$	432

[1] As at December 31, 2015, the aggregate provision for environmental remediation, including the current portion was $93 million (2014 – $91 million).
[2] As at December 31, 2015, the aggregate provision for restructuring, including the current portion was $12 million (2014 – $24 million).

The deferred revenue on rights-of-way licence agreements, and deferred gains on sale leaseback transactions are being amortized to income on a straight-line basis over the related lease terms. Deferred income credits are being amortized over the life of the related asset.

Environmental remediation accruals

Environmental remediation accruals cover site-specific remediation programs. The estimate of the probable costs to be incurred in the remediation of properties contaminated by past railway use reflects the nature of contamination at individual sites according to typical activities and scale of operations conducted. CP has developed remediation strategies for each property based on the nature and extent of the contamination, as well as the location of the property and surrounding areas that may be adversely affected by the presence of contaminants, considering available technologies, treatment and disposal facilities and the acceptability of site-specific plans based on the local regulatory environment. Site-specific plans range from containment and risk management of the contaminants through to the removal and treatment of the contaminants and affected soils and groundwater. The details of the estimates reflect the environmental liability at each property. Provisions for environmental remediation costs are recorded in “Other long-term liabilities”, except for the current portion which is recorded in “Accounts payable and accrued liabilities”. Payments are expected to be made over 10 years to 2025.

The accruals for environmental remediation represent CP’s best estimate of its probable future obligation and include both asserted and unasserted claims, without reduction for anticipated recoveries from third parties. Although the recorded accruals include CP’s best estimate of all probable costs, CP’s total environmental remediation costs cannot be predicted with certainty. Accruals for environmental remediation may change from time to time as new information about previously untested sites becomes known, environmental laws and regulations evolve and advances are made in environmental remediation technology. The accruals may also vary as the courts decide legal proceedings against outside parties responsible for contamination. These potential charges, which cannot be quantified at this time, may materially affect income in the particular period in which a charge is recognized. Costs related to existing, but as yet unknown, or future contamination will be accrued in the period in which they become probable and reasonably estimable. Changes to costs are reflected as changes to “Other long-term liabilities” or “Accounts payable and accrued liabilities” on the Consolidated Balance Sheets and to “Purchased services and other” within operating expenses on the Consolidated Statements of Income. The amount charged to income in 2015 was $7 million (2014 – $4 million; 2013 – $6 million).

22 Asset retirement obligations

Asset retirement obligations are recorded in “Other long-term liabilities”. The majority of these liabilities are discounted at 6.25%. Accretion expense is included in “Depreciation and amortization” on the Consolidated Statements of Income.

(in millions of Canadian dollars)		**2015**	2014
Opening balance, January 1	**$**	**23**	$ 24
Accretion		**1**	1
Liabilities settled		**(1)**	(1)
Revision to estimated cash flows		**(1)**	(1)
Closing balance, December 31	**$**	**22**	$ 23

Upon the ultimate retirement of grain-dependent branch lines, the Company has to pay a fee, levied under the Canada Transportation Act, of $30,000 per mile of abandoned track. The undiscounted amount of the liability was $38 million at December 31, 2015 (2014 – $38 million), which, when present valued, was $19 million at December 31, 2015 (2014 – $20 million). The payments are expected to be made in the 2016 – 2044 period.

The Company also has a liability for a joint facility that will have to be settled upon the facility's retirement based on a proportion of use during the life of the asset. The estimate of the obligation at December 31, 2015, was $21 million (2014 – $21 million), which, when present valued, was $3 million at December 31, 2015 (2014 – $3 million). For purposes of estimating this liability, the payment related to the retirement of the joint facility is anticipated to be made in 30 years.

23 Shareholders’ equity

Authorized and issued share capital

The Company is authorized to issue an unlimited number of Common Shares, an unlimited number of First Preferred Shares and unlimited number of Second Preferred Shares. At December 31, 2015, no First or Second Preferred Shares had been issued.

An analysis of Common Share balances is as follows:

(number of shares in millions)	**2015**	2014	2013
Share capital, January 1	**166.1**	175.4	173.9
CP Common Shares repurchased	**(13.7)**	(10.3)	—
Shares issued under stock option plan	**0.6**	1.0	1.5
Share capital, December 31	**153.0**	166.1	175.4

The change in the “Share capital” balances includes $2 million (2014 – $3 million; 2013 – $5 million) related to the cancellation of the tandem share appreciation rights liability on exercise of tandem stock options, and $10 million (2014 – $17 million; 2013 – $24 million) of stock-based compensation transferred from “Additional paid-in capital”.

Share repurchase

On March 11, 2014, the Company announced a new share repurchase program to implement a normal course issuer bid (“NCIB”) to purchase, for cancellation, up to 5.3 million Common Shares before March 16, 2015. On September 29, 2014, the Company announced the amendment of the bid to increase the maximum number of its Common Shares that may be purchased from 5.3 million to 12.7 million of its outstanding Common Shares. The Company completed the purchase of 10.5 million Common Shares in 2014. An additional 2.2 million Common Shares were purchased for $490 million in the first quarter of 2015 prior to the March 16, 2015 expiry date of the program.

On March 16, 2015, the Company announced the renewal of its NCIB, commencing March 18, 2015, to purchase up to 9.14 million of its outstanding Common Shares for cancellation before March 17, 2016. On August 31, 2015, the Company amended the NCIB to increase the maximum number of its Common Shares that may be purchased from 9.14 million to 11.9 million of its outstanding Common Shares. As at December 31, 2015, the Company had purchased 11.3 million Common Shares for $2,258 million under this current NCIB program.

All purchases are made in accordance with the bid at prevalent market prices plus brokerage fees, or such other prices that may be permitted by the Toronto Stock Exchange, with consideration allocated to share capital up to the average carrying amount of the shares, and any excess allocated to retained earnings. The following table provides the activities under the share repurchase program:

		2015
Number of Common Shares repurchased[1]		**13,549,977**
Weighted-average price per share	**$**	**202.79**
Amount of repurchase (in millions)[2]	**$**	**2,748**

[1] Excludes shares repurchased and not yet cancelled in the prior year.
[2] Includes brokerage fees.

24 Pensions and other benefits

The Company has both defined benefit ("DB") and defined contribution ("DC") pension plans. At December 31, 2015, the Canadian pension plans represent approximately 99% of total combined pension plan assets and approximately 98% of total combined pension plan obligations.

The DB plans provide for pensions based principally on years of service and compensation rates near retirement. Pensions for Canadian pensioners are partially indexed to inflation. Annual employer contributions to the DB plans, which are actuarially determined, are made on the basis of being not less than the minimum amounts required by federal pension supervisory authorities.

The Company has other benefit plans including post-retirement health and life insurance for pensioners, and post-employment long-term disability and workers' compensation benefits, which are based on Company-specific claims. At December 31, 2015, the Canadian other benefits plans represent approximately 96% of total combined other plan obligations.

The Finance Committee of the Board of Directors has approved an investment policy that establishes long-term asset mix targets which take into account the Company's expected risk tolerances. Pension plan assets are managed by a suite of independent investment managers, with the allocation by manager reflecting these asset mix targets. Most of the assets are actively managed with the objective of outperforming applicable benchmarks. In accordance with the investment policy, derivative instruments may be used to hedge or adjust existing or anticipated exposures.

To develop the expected long-term rate of return assumption used in the calculation of net periodic benefit cost applicable to the market-related value of assets, the Company considers the expected composition of the plans' assets, past experience and future estimates of long-term investment returns. Future estimates of investment returns reflect the expected annual yield on applicable fixed income capital market indices, and the long-term return expectation for public equity, real estate, infrastructure and absolute return investments and the expected added value (relative to applicable benchmark indices) from active management of pension fund assets.

The Company has elected to use a market-related value of assets for the purpose of calculating net periodic benefit cost, developed from a five-year average of market values for the plans' public equity and absolute return investments (with each prior year's market value adjusted to the current date for assumed investment income during the intervening period) plus the market value of the plans' fixed income, real estate and infrastructure securities.

The benefit obligation is discounted using a discount rate that is a blended yield to maturity for a hypothetical portfolio of high-quality corporate debt instruments with matching cash flows. The discount rate is determined by management with the aid of third-party actuaries.

Net periodic benefit cost

The elements of net periodic benefit cost for DB pension plans and other benefits recognized in the year, including the recognition of an $11 million gain related to legacy pension plans, included the following components:

	Pensions			Other benefits		
(in millions of Canadian dollars)	**2015**	2014	2013	**2015**	2014	2013
Current service cost (benefits earned by employees in the year)	**$ 126**	$ 106	$ 135	**$ 12**	$ 14	$ 16
Interest cost on benefit obligation	**463**	477	445	**21**	23	21
Expected return on fund assets	**(816)**	(757)	(746)	**—**	—	—
Recognized net actuarial loss (gain)	**265**	190	267	**2**	(2)	(11)
Amortization of prior service costs	**(6)**	(68)	(58)	**1**	—	—
Net periodic benefit cost (recovery)	**$ 32**	$ (52)	$ 43	**$ 36**	$ 35	$ 26

Projected benefit obligation, fund assets, and funded status

Information about the Company's DB pension plans and other benefits, in aggregate, is as follows:

	Pensions		Other benefits	
(in millions of Canadian dollars)	**2015**	2014	**2015**	2014
Change in projected benefit obligation:				
Benefit obligation at January 1	**$ 11,360**	$ 9,921	**$ 517**	$ 483
Current service cost	**126**	106	**12**	14
Interest cost	**463**	477	**21**	23
Employee contributions	**43**	51	**1**	—
Benefits paid	**(608)**	(579)	**(34)**	(27)
Foreign currency changes	**42**	15	**4**	2
Plan amendments and other	**(6)**	—	**—**	—
Actuarial loss (gain)	**(226)**	1,369	**(8)**	22
Projected benefit obligation at December 31	**$ 11,194**	$ 11,360	**$ 513**	$ 517

	Pensions		Other benefits	
(in millions of Canadian dollars)	**2015**	2014	**2015**	2014
Change in fund assets:				
Fair value of fund assets at January 1	**$ 11,376**	$ 10,722	**$ 7**	$ 8
Actual return on fund assets	**1,374**	1,088	**(1)**	—
Employer contributions	**81**	80	**33**	26
Employee contributions	**43**	51	**1**	—
Benefits paid	**(608)**	(579)	**(34)**	(27)
Foreign currency changes	**34**	14	**—**	—
Fair value of fund assets at December 31	**$ 12,300**	$ 11,376	**$ 6**	$ 7
Funded status – plan surplus (deficit)	**$ 1,106**	$ 16	**$ (507)**	$ (510)

	2015		2014	
	Pension plans in surplus	**Pension plans in deficit**	Pension plans in surplus	Pension plans in deficit
Projected benefit obligation at December 31	**$ (10,681)**	**$ (513)**	$ (10,878)	$ (482)
Fair value of fund assets at December 31	**12,082**	**218**	11,182	194
Funded Status	**$ 1,401**	**$ (295)**	$ 304	$ (288)

All Other benefits plans were in a deficit position at December 31, 2015 and 2014.

Pension asset and liabilities in the Company's Consolidated Balance Sheets

Amounts recognized in the Company's Consolidated Balance Sheets are as follows:

	Pensions		Other benefits	
(in millions of Canadian dollars)	**2015**	2014	**2015**	2014
Pension asset	**$ 1,401**	$ 304	**$ —**	$ —
Accounts payable and accrued liabilities	**(10)**	(9)	**(34)**	(34)
Pension and other benefit liabilities	**(285)**	(279)	**(473)**	(476)
Total amount recognized	**$ 1,106**	$ 16	**$ (507)**	$ (510)

The defined benefit pension plans' accumulated benefit obligation as at December 31, 2015 was $10,893 million (2014 – $10,975 million). The accumulated benefit obligation is calculated on a basis similar to the projected benefit obligation, except no future salary increases are assumed in the projection of future benefits.

The measurement date used to determine the plan assets and the accrued benefit obligation is December 31. The most recent actuarial valuation for pension funding purposes for the Company's main Canadian pension plan was performed as at January 1, 2015. During 2016, the Company expects to file a new valuation with the pension regulator.

Accumulated other comprehensive losses

Amounts recognized in accumulated other comprehensive losses are as follows:

	Pensions		Other benefits	
(in millions of Canadian dollars)	**2015**	2014	**2015**	2014
Net actuarial loss:				
Other than deferred investment gains	**$ 3,144**	$ 3,895	**$ 77**	$ 86
Deferred investment gains	**(1,101)**	(803)	**—**	—
Prior service cost	**(20)**	(20)	**4**	5
Deferred income tax	**(580)**	(858)	**(20)**	(23)
Total (Note 8)	**$ 1,443**	$ 2,214	**$ 61**	$ 68

The unamortized actuarial loss and the unamortized prior service cost included in "Accumulated other comprehensive loss" that are expected to be recognized in net periodic benefit cost during 2016 are $191 million and a recovery of $7 million, respectively, for pensions and $3 million and $1 million, respectively, for other post-retirement benefits.

Actuarial assumptions

Weighted-average actuarial assumptions used were approximately:

(percentages)	**2015**	2014	2013
Benefit obligation at December 31:			
Discount rate	**4.22**	4.09	4.90
Projected future salary increases	**3.00**	3.00	3.00
Health care cost trend rate	**7.00** [1]	7.00 [1]	8.00 [2]
Benefit cost for year ended December 31:			
Discount rate	**4.09**	4.90	4.28
Expected rate of return on fund assets	**7.75**	7.75	7.75
Projected future salary increases	**3.00**	3.00	3.00
Health care cost trend rate	**7.00** [1]	7.50 [2]	8.00 [2]

[1] The health care cost trend rate is assumed to be 7.00% in 2016 (7.00% in 2015), and then decreasing by 0.50% per year to an ultimate rate of 5.00% per year in 2020 and thereafter.

[2] The health care cost trend rate was previously assumed to be 6.50% in 2016 (7.00% in 2015, 7.50% in 2014), and then decreasing by 0.50% per year to an ultimate rate of 5.00% per year in 2019 and thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in the assumed health care cost trend rate would have the following effects:

(in millions of Canadian dollars)	One percentage point increase	One percentage point decrease
Increase (decrease) in the total of service and interest costs	$ —	$ —
Increase (decrease) in post-retirement benefit obligation	6	(6)

In 2014, the Canadian Institute of Actuaries and the Society of Actuaries each published updated mortality tables based on broad pension plan experience in Canada and the U.S., respectively. At December 31, 2014, the Company changed the basis for its obligations for defined benefit pension and post-retirement benefit plans to these new mortality tables, with adjustments to reflect actual plan mortality experience to the extent that credible experience data were available. The changes to the new mortality tables increased the obligations for pensions and post-retirement benefits at that date by approximately $225 million. The Company's obligations for defined benefit pension and post-retirement benefit plans continue to be based on the new mortality tables at December 31, 2015.

Plan assets

Plan assets are recorded at fair value. The major asset categories are public equity securities, fixed income securities, real estate, infrastructure and absolute return investments. The fair values of the public equity and fixed income securities are primarily based on quoted market prices. Real estate values are based on annual valuations performed by external parties, taking into account current market conditions and recent sales transactions where practical and appropriate. Infrastructure values are based on the fair value of each fund's assets as calculated by the fund manager, generally using a discounted cash flow analysis that takes into account current market conditions and recent sales transactions where practical and appropriate. Absolute return investments are a portfolio of units of externally managed hedge funds and are valued by the fund administrators.

The Company's pension plan asset allocation, the current weighted average asset allocation targets and the current weighted average policy range for each major asset class, were as follows:

Asset allocation (percentage)	Current asset allocation target	Current policy range	Percentage of plan assets at December 31 **2015**	2014
Cash and cash equivalents	0.5	0 – 5	**1.1**	1.7
Fixed income	29.5	20 – 40	**21.0**	21.9
Public equity	46.0	35 – 55	**54.5**	52.5
Real estate and infrastructure	12.0	4 – 20	**5.8**	7.6
Absolute return	12.0	0 – 18	**17.6**	16.3
Total	100.0		**100.0**	100.0

Summary of the assets of the Company's DB pension plans at fair values

The following is a summary of the assets of the Company's DB pension plans at fair values at December 31, 2015 and 2014:

(in millions of Canadian dollars)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs Level (2)	Significant unobservable inputs (Level 3)	Investments measured at NAV[1]	Total
December 31, 2015					
Cash and cash equivalents	$ 129	$ 11	$ —	$ —	$ 140
Fixed income					
• Government bonds[2]	—	1,276	—	—	1,276
• Corporate bonds[2]	—	1,228	—	—	1,228
• Mortgages[3]	—	81	—	—	81
Public equities					
• Canada	1,449	46	—	—	1,495
• U.S. and international	5,169	34	—	—	5,203
Real estate[4]	—	—	451	—	451
Derivative assets[5]	—	—	—	—	—
Absolute return[6]					
• Funds of hedge funds	—	—	—	781	781
• Multi-strategy funds	—	—	—	517	517
• Credit funds	—	—	—	555	555
• Equity funds	—	—	—	311	311
Infrastructure[7]	—	—	—	262	262
	$ 6,747	**$ 2,676**	**$ 451**	**$ 2,426**	**$ 12,300**
December 31, 2014					
Cash and cash equivalents	$ 106	$ 83	$ —	$ —	$ 189
Fixed income					
• Government bonds[2]	—	1,180	—	—	1,180
• Corporate bonds[2]	—	1,229	—	—	1,229
• Mortgages[3]	—	77	—	—	77
Public equities					
• Canada	1,448	48	—	—	1,496
• U.S. and international	4,454	27	—	—	4,481
Real estate[4]	—	—	654	—	654
Derivative assets[5]	—	1	—	—	1
Absolute return[6]					
• Funds of hedge funds	—	—	—	652	652
• Multi-strategy funds	—	—	—	473	473
• Credit funds	—	—	—	490	490
• Equity funds	—	—	—	246	246
Infrastructure[7]	—	—	—	208	208
	$ 6,008	$ 2,645	$ 654	$ 2,069	$ 11,376

[1] Investments measured at net asset value ("NAV"):
Amounts are compromised of certain investments measured at fair value using NAV (or its equivalent) as a practical expedient. These investments have not been classified in the fair value hierarchy.

[2] Government & Corporate Bonds:
Fair values for bonds are based on market prices supplied by independent sources as of the last trading day.

[3] Mortgages:
The fair value of mortgages of $81 million (2014 – $77 million) is based on current market yields of financial instruments of similar maturity, coupon and risk factors.

[4] Real estate:
The fair value of real estate investments of $451 million (2014 – $654 million) is based on property appraisals which use a number of approaches that typically include a discounted cash flow analysis, a direct capitalization income method and/or a direct comparison approach. Appraisals of real estate investments are generally performed semi-annually by qualified external accredited appraisers. There are $278 million of unfunded commitments for real estate investments as at December 31, 2015 (2014 – nil).

[5] The Company's pension funds may utilize the following derivative instruments: equity futures to replicate equity index returns (Level 2); currency forwards to partially hedge foreign currency exposures (Level 2); bond forwards to reduce asset/liability interest rate risk exposures (Level 2); interest rate swaps to manage duration and interest rate risk (Level 2); credit default swaps to manage credit risk (Level 2); and options to manage interest rate risk and volatility (Level 2).

[6] Absolute return:
The fair value of absolute return fund investments of $2,164 million (2014 – $1,861 million) is based on the NAV reported by the fund administrators. The funds have different redemption policies and periods. There are no unfunded commitments for absolute return investments as at December 31, 2015 (2014 – nil).

- Fund of hedge funds invest in a portfolio of hedge funds that allocate capital across a broad array of funds and/or investment managers, with monthly redemptions upon 95 days' notice.
- Multi-strategy funds include funds that invest in broadly diversified portfolios of equity, fixed income and derivative instruments with quarterly redemptions upon 60 days' notice.
- Credit funds invest in an array of fixed income securities with quarterly redemptions upon 60 days' notice.
- Equity funds invest primarily in U.S. and global equity securities. Redemptions range from quarterly upon 60 days notice to tri-annually upon 45 days' notice.

[7] Infrastructure:
Infrastructure fund values of $262 million (2014 – $208 million) are based on the NAV of the funds that invest directly in infrastructure investments. The fair values of the investments have been estimated using the capital accounts representing the plans ownership interest in the funds. The investment in each fund is not subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying infrastructure investments. It was estimated that the investments in these funds will be liquidated over the weighted-average period of approximately two years. As at December 31, 2015, unfunded commitments for infrastructure investments were negligible (2014 – negligible).

Portion of the assets of the Company's DB pension plans measured at fair value using unobservable inputs (Level 3)

During 2014 and 2015 the portion of the assets of the Company's DB pension plans measured at fair value using unobservable inputs (Level 3) changed as follows[1]:

(in millions of Canadian dollars)		Real Estate
As at January 1, 2014	$	847
Disbursements		(236)
Net realized gains		67
Decrease in net unrealized gains		(24)
As at December 31, 2014	$	654
Disbursements		(223)
Net realized gains		64
Decrease in net unrealized gains		(44)
As at December 31, 2015	**$**	**451**

[1] Upon adoption of ASU 2015-07, investments measured at NAV are no longer required to be categorized within the fair value hierarchy.

Level 3 fair value measurements for real estate investments are based on the NAV reported by the fund administrator, property appraisals and discounted cash flow analysis, of which there are no reasonable alternative assumptions. Therefore it is not practicable to provide a sensitivity analysis.

Additional plan assets information

The Company's expected long-term target return is 7.75%, net of all fees and expenses. In identifying the asset allocation ranges, consideration was given to the long-term nature of the underlying plan liabilities, the solvency and going-concern financial position of the plan, long-term return expectations and the risks associated with key asset classes as well as the relationships of returns on key asset classes with each other, inflation and interest rates. When advantageous and with due consideration, derivative instruments may be utilized, provided the total value of the underlying assets represented by financial derivatives, excluding currency forwards, is limited to 30% of the market value of the fund.

When investing in foreign securities, the plans are exposed to foreign currency risk; the effect of which is included in the valuation of the foreign securities. The plans were 44% exposed to the U.S. dollar, 14% exposed to European currencies, and 5% exposed to various other currencies, as at December 31, 2015.

At December 31, 2015, fund assets consisted primarily of listed stocks and bonds, including 188,276 of the Company's Common Shares (2014 –184,392) at a market value of $33 million (2014 – $41 million) and 6.25% Unsecured Notes issued by the Company at a par value of $3 million (2014 – $2 million) and a market value of $3 million (2014 – $2 million).

Cash flows

In 2015, the Company contributed $90 million to its pension plans (2014 – $88 million; 2013 – $105 million), including $9 million to the DC plans (2014 – $8 million; 2013 – $7 million), $69 million to the Canadian registered and U.S. qualified DB pension plans (2014 – $67 million; 2013 – $86 million), and $12 million to the Canadian non-registered supplemental pension plan (2014 – $13 million; 2013 – $12 million). In addition, the Company made payments directly to employees, their beneficiaries or estates or to third-party benefit administrators of $33 million in 2015 (2014 – $26 million; 2013 – $32 million) with respect to other benefits.

Estimated future benefit payments

The estimated future defined benefit pension and other benefit payments to be paid by the plans for each of the next five years and the subsequent five-year period are as follows:

(in millions of Canadian dollars)	Pensions	Other benefits
2016	$ 595	$ 36
2017	609	35
2018	621	35
2019	632	34
2020	642	33
2021 – 2025	3,318	158

The benefit payments from the Canadian registered and U.S. qualified DB pension plans are payable from their respective pension funds. Benefit payments from the supplemental pension plan and from the other benefits plans are payable directly from the Company.

Defined contribution plan

Canadian non-unionized employees hired prior to July 1, 2010 had the option to participate in the Canadian DC plan. All Canadian non-unionized employees hired after such date must participate in this plan. Employee contributions are based on a percentage of salary. The Company matches employee contributions to a maximum percentage each year.

Effective July 1, 2010, a new U.S. DC plan was established. All U.S. non-unionized employees hired after such date must participate in this plan. Employees do not contribute to the plan. The Company annually contributes a percentage of salary.

The DC plans provide a pension based on total employee and employer contributions plus investment income earned on those contributions.

In 2015, the net cost of the DC plans, which generally equals the employer's required contribution, was $9 million (2014 – $8 million; 2013 – $7 million).

Contributions to multi-employer plans

Some of the Company's unionized employees in the U.S. are members of a U.S. national multi-employer benefit plan. Contributions made by the Company to this plan in 2015 in respect of post-retirement medical benefits were $4 million (2014 – $4 million; 2013 – $5 million).

25 Stock-based compensation

At December 31, 2015, the Company had several stock-based compensation plans, including a stock option plan, various cash settled liability plans and an employee stock savings plan. These plans resulted in an expense in 2015 of $66 million (2014 – $110 million; 2013 – $92 million).

A. Stock Option Plan

Summary of stock options

The following table summarizes the Company's stock option plan as at December 31:

	Options outstanding		Nonvested options	
	Number of options	Weighted average exercise price	Number of options	Weighted average grant date fair value
Outstanding, January 1, 2015	2,738,689	$ 94.35	1,423,962	$ 32.35
New options granted	317,202	230.91	317,202	55.28
Exercised	(542,816)	77.19	—	—
Vested	—	—	(654,283)	26.69
Forfeited	(101,963)	171.34	(101,463)	48.06
Expired	(3,139)	49.08	(439)	26.02
Outstanding at December 31, 2015	2,407,973	$ 113.01	984,979	$ 41.88
Vested or expected to vest at December 31, 2015[(1)]	2,399,076	$ 112.71	N/A	N/A
Exercisable at December 31, 2015	1,422,994	$ 80.55	N/A	N/A

[(1)] As at December 31, 2015, the weighted average remaining term of vested or expected to vest options was 5.2 years with an aggregate intrinsic value of $171 million.

The following table provides the number of stock options outstanding and exercisable as at December 31, 2015 by range of exercise price and their related intrinsic aggregate value, and for options outstanding, the weighted-average years to expiration. The table also provides the aggregate intrinsic value for in-the-money stock options, which represents the amount that would have been received by option holders had they exercised their options on December 31, 2015 at the Company's closing stock price of $176.73.

	Options outstanding				Options exercisable		
Range of exercise prices	Number of options	Weighted average years to expiration	Weighted average exercise price	Aggregate intrinsic value (millions)	Number of options	Weighted average exercise price	Aggregate intrinsic value (millions)
$36.29 – $72.54	464,345	2.8	$ 60.48	$ 54	464,345	$ 60.48	$ 54
$72.55 – $74.55	650,000	6.5	73.39	67	487,500	73.39	50
$74.56 – $129.15	644,608	6.5	103.32	47	394,104	96.21	32
$129.16 – $244.54	649,020	8.6	199.89	(15)	77,045	166.73	1
Total[(1)]	2,407,973	6.3	$ 113.01	$ 153	1,422,994	$ 80.55	$ 137

[(1)] As at December 31, 2015, the total number of in-the-money stock options outstanding was 2,049,968 with a weighted-average exercise price of $93.81. The weighted-average years to expiration of exercisable stock options is 5.3 years.

Under the fair value method, the fair value of options at the grant date was approximately $18 million for options issued in 2015 (2014 – $21 million; 2013 – $20 million). The weighted average fair value assumptions were approximately:

	2015	2014	2013
Expected option life (years)[(1)]	**5.25**	5.98	6.25
Risk-free interest rate[(2)]	**1.10%**	1.66%	1.60%
Expected stock price volatility[(3)]	**26%**	29%	30%
Expected annual dividends per share[(4)]	**$ 1.40**	$ 1.40	$ 1.40
Estimated forfeiture rate[(5)]	**1.2%**	1.2%	1.2%
Weighted average grant date fair value of options granted during the year	**$ 55.28**	$ 48.88	$ 35.40

[(1)] Represents the period of time that awards are expected to be outstanding. Historical data on exercise behaviour or, when available, specific expectations regarding future exercise behaviour were used to estimate the expected life of the option.
[(2)] Based on the implied yield available on zero-coupon government issues with an equivalent remaining term at the time of the grant.
[(3)] Based on the historical stock price volatility of the Company's stock over a period commensurate with the expected term of the option.
[(4)] Determined by the current annual dividend at the time of grant. The Company does not employ different dividend yields throughout the contractual term of the option.
[(5)] The Company estimated forfeitures based on past experience. The rate is monitored on a periodic basis.

In 2015, the expense for stock options (regular and performance) was $15 million (2014 – $18 million; 2013 – $17 million). At December 31, 2015, there was $13 million of total unrecognized compensation related to stock options which is expected to be recognized over a weighted-average period of approximately 0.9 years.

The total fair value of shares vested for the stock option plan during 2015 was $17 million (2014 – $15 million; 2013 – $5 million).

The following table provides information related to all options exercised in the stock option plan during the years ended December 31:

(in millions of Canadian dollars)		**2015**	2014	2013
Total intrinsic value	**$**	**72**	$ 115	$ 103
Cash received by the Company upon exercise of options		**43**	62	83

B. Other Share-based Plans

Performance share units plan

During 2015, the Company issued 137,958 PSUs with a grant date fair value of $30 million. These units attract dividend equivalents in the form of additional units based on the dividends paid on the Company's Common Shares. PSUs vest and are settled in cash or in CP Common Shares, approximately three years after the grant date, contingent upon CP's performance (performance factor). The fair value of PSUs is measured periodically until settlement, using a latticed-based valuation model. In addition, on the grant date a Monte Carlo simulation model, which utilizes multiple input variables, is utilized to determine the probability of satisfying the performance and market conditions stipulated in the grant.

The performance period for the PSUs issued in 2015 is January 1, 2015 to December 31, 2017. The performance factors for these PSUs are Operating Ratio, Return on Invested Capital, Total Shareholder Return ("TSR") compared to the S&P/TSX60 index, and TSR compared to Class I railways. Beginning with PSUs granted in 2014, grant recipients who are eligible to retire and have provided six months of service during the performance period are entitled to the full award. Previous to 2014, only a pro-rata share of units was retained at retirement.

The performance period for the PSUs issued in 2014 is January 1, 2014 to December 31, 2016. The performance factors for these PSUs are Operating Ratio, Free cash flow, TSR compared to the S&P/TSX60 index, and TSR compared to Class I railways.

The performance period for the PSUs issued in the fourth quarter of 2012 and in 2013 was January 1, 2013 to December 31, 2015. The performance factors for these PSUs were Operating Ratio, Free cash flow, TSR compared to the S&P/TSX60 index, and TSR compared to Class I railways. All performance factors met the 200% payout thresholds, in effect resulting in a target payout of 200% on 300,095 total outstanding awards as at December 31, 2015. A payout of $79 million on 217,179 outstanding awards, occurred on December 31, 2015 and was calculated using the Company's average share price using the last 30 trading days preceding December 31, 2015.

The following table summarizes information related to the Company's PSUs as at December 31:

	2015	2014
Outstanding, January 1	**460,783**	349,925
Granted	**137,958**	165,500
Units, in lieu of dividends	**3,570**	3,296
Settled	**(217,179)**	—
Forfeited	**(36,856)**	(57,938)
Outstanding, December 31	**348,276**	460,783

In 2015, the expense for PSUs was $55 million (2014 – $50 million; 2013 – $25 million). At December 31, 2015, there was $17 million of total unrecognized compensation related to PSUs which is expected to be recognized over a weighted-average period of approximately 1.4 years.

Deferred share units plan

The Company established the DSU plan as a means to compensate and assist in attaining share ownership targets set for certain key employees and Directors. A DSU entitles the holder to receive, upon redemption, a cash payment equivalent to the Company's average share price using the 10 trading days prior to redemption. DSUs vest over various periods of up to 48 months and are only redeemable for a specified period after employment is terminated.

Senior managers may elect to receive DSUs in lieu of annual bonus cash payments in the bonus deferral program. In addition, senior managers will be granted a 25% company match of DSUs when deferring cash to DSUs to meet ownership targets. The election to

receive eligible payments in DSUs is no longer available to a participant when the value of the participant's DSUs is sufficient to meet the Company's stock ownership guidelines. Senior managers have five years to meet their ownership targets.

An expense to income for DSUs is recognized over the vesting period for both the initial subscription price and the change in value between reporting periods.

The following table summarizes information related to the DSUs as at December 31:

	2015	2014
Outstanding, January 1	**308,447**	332,221
Granted	**21,690**	58,460
Units, in lieu of dividends	**2,015**	2,572
Forfeited	**(2,192)**	(711)
Settled	**(11,784)**	(84,095)
Outstanding, December 31	**318,176**	308,447

During 2015, the Company granted 21,690 DSUs with a grant date fair value of $5 million. In 2015, the expense recovery due to the share price reduction in the year for DSUs was $10 million (2014 – $28 million expense; 2013 – $32 million expense). At December 31, 2015, there was $1 million of total unrecognized compensation related to DSUs which is expected to be recognized over a weighted-average period of approximately 0.3 years.

Restricted share units plan

The Company issued 2,614 RSUs in 2015 with a grant date fair value of $1 million. The RSUs are notional full value shares that attract dividend equivalents in the form of additional units based on the dividends paid on the Company's Common Shares. RSUs have no performance factors attached to them, settle in cash, and fully vest over various periods up to 36 months. An expense to income for RSUs is recognized over the vesting period for both the initial subscription price and the change in value between reporting periods. In 2015, the expense for RSUs was $2 million (2014 – $9 million; 2013 – $10 million). At December 31, 2015, there was $2 million of total unrecognized compensation related to RSUs that is expected to be recognized over a weighted-average period of approximately 1.7 years.

The following table summarizes information related to the Company's RSUs as at December 31:

	2015	2014
Outstanding, January 1	**47,520**	92,333
Granted	**2,614**	16,325
Units, in lieu of dividends	**207**	700
Settled	**(31,193)**	(53,964)
Forfeited	**(46)**	(7,874)
Outstanding, December 31	**19,102**	47,520

Summary of share based liabilities paid

The following table summarizes the total share based liabilities paid for each of the years ended December 31:

(in millions of Canadian dollars)		**2015**	2014	2013
Plan				
DSUs	**$**	**3**	$ 17	$ 17
PSUs		**79**	—	—
RSUs		**8**	12	9
Total	**$**	**90**	$ 29	$ 26

C. Employee share purchase plan

The Company has an employee share purchase plan whereby both employee and the Company contributions are used to purchase shares on the open market for employees. The Company's contributions are expensed over the one year vesting period. Under the plan, the Company matches $1 for every $3 contributed by employees up to a maximum employee contribution of 6% of annual salary.

The total number of shares purchased in 2015 on behalf of participants, including the Company contribution, was 131,703 (2014 – 176,906; 2013 – 271,934). In 2015, the Company's contributions totalled $5 million (2014 – $5 million; 2013 – $5 million) and the related expense was $4 million (2014 – $5 million; 2013 – $5 million).

26 Variable interest entities

The Company leases equipment from certain trusts, which have been determined to be variable interest entities financed by a combination of debt and equity provided by unrelated third parties. The lease agreements, which are classified as operating leases, have a fixed price purchase option which create the Company's variable interest and result in the trusts being considered variable interest entities.

Maintaining and operating the leased assets according to specific contractual obligations outlined in the terms of the lease agreements and industry standards is the Company's responsibility. The rigor of the contractual terms of the lease agreements and industry standards are such that the Company has limited discretion over the maintenance activities associated with these assets. As such, the Company concluded these terms do not provide the Company with the power to direct the activities of the variable interest entities in a way that has a significant impact on the entities' economic performance.

The financial exposure to the Company as a result of its involvement with the variable interest entities is equal to the fixed lease payments due to the trusts. In 2015, lease payments after tax were $11 million. Future minimum lease payments, before tax, of $233 million will be payable over the next 15 years (Note 27).

The Company does not guarantee the residual value of the assets to the lessor; however, it must deliver to the lessor the assets in good operating condition, subject to normal wear and tear, at the end of the lease term.

As the Company's actions and decisions do not significantly affect the variable interest entities' performance, and the Company's fixed price purchase option is not considered to be potentially significant to the variable interest entities, the Company is not considered to be the primary beneficiary, and does not consolidate these variable interest entities.

27 Commitments and contingencies

In the normal course of its operations, the Company becomes involved in various legal actions, including claims relating to injuries and damage to property. The Company maintains provisions it considers to be adequate for such actions. While the final outcome with respect to actions outstanding or pending at December 31, 2015, cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the Company's financial position or results of operations.

Commitments

At December 31, 2015, the Company had committed to total future capital expenditures amounting to $375 million and operating expenditures relating to supplier purchase obligations, such as locomotive maintenance and overhaul agreements, as well as agreements to purchase other goods and services amounting to approximately $1.5 billion for the years 2016-2032 of which CP estimates approximately $800 million will be incurred in the next five years.

As at December 31, 2015, the Company's commitments under operating leases were estimated at $553 million in aggregate, with minimum annual payments in each of the next five years and thereafter as follows:

(in millions of Canadian dollars)		**Operating leases**
2016	$	107
2017		90
2018		62
2019		52
2020		45
Thereafter		197
Total minimum lease payments	$	553

Expenses for operating leases for the year ended December 31, 2015, were $127 million (2014 – $121 million; 2013 – $154 million).

Legal proceedings related to Lac-Mégantic rail accident

On July 6, 2013, a train carrying crude oil operated by Montreal Maine and Atlantic Railway ("MMA") and/or its subsidiary, Montreal Maine and Atlantic Canada Co. ("MMAC", and collectively with MMA, the "MMA Group") derailed and exploded in Lac-Mégantic, Quebec on a section of railway line owned by the MMA Group. The previous day CP had interchanged the train to the MMA Group, and after that interchange MMA Group exercised exclusive control over the train.

Following this incident, the Minister of Sustainable Development, Environment, Wildlife and Parks of Quebec issued an order directing certain named parties to recover the contaminants and to clean up and decontaminate the derailment site. CP was added as a named party on August 14, 2013 (the "Amended Cleanup Order"). CP is a party to an administrative appeal with respect to the Amended Cleanup Order. No hearing date on the merits of CP's appeal has been scheduled. Directly related to this matter, the Province of Quebec filed a lawsuit against CP before the Quebec Superior Court on July 6, 2015 in which it claims $409 million for the damages sustained by the province as a result of the expenses incurred following the derailment, including costs incurred for the work carried out pursuant to the Amended Cleanup Order. The province alleges that CP had custody or control of the contaminants that were discharged in Lac-Mégantic on July 6, 2013, and that CP was otherwise negligent and therefore is solidarily (joint and severally) liable with the other third parties responsible for the accident. No timetable governing the conduct of this lawsuit has been ordered by the court.

A class action lawsuit has also been filed in the Superior Court of Quebec on behalf of a class of persons and entities residing in, owning or leasing property in, operating a business in or physically present in Lac-Mégantic (the "Class Action"). The lawsuit seeks damages caused by the derailment including for wrongful deaths, personal injuries, and property damages. CP was added as a defendant on August 16, 2013. On May 8, 2015, the Superior Court of Quebec authorized the institution of the Class Action as against CP and as against the shipper, Western Petroleum, and the shipper's parent, World Fuel Services (collectively, the "World Fuel Defendants"). The World Fuel Defendants have since settled. No timetable governing the conduct of this lawsuit has been ordered by the Superior Court of Quebec.

In the wake of the derailment and ensuing litigation, MMAC filed for bankruptcy in Canada (the "Canadian Proceeding") and MMA filed for bankruptcy in the United States (the "U.S. Proceeding"). An Adversary Proceeding filed by the MMA U.S. bankruptcy trustee against CP, Irving Oil and the World Fuel Defendants accuses CP of failing to ensure that World Fuel Defendants or Irving Oil properly classified the oil lading and of not refusing to ship the oil in DOT-111 tank cars. The trustee has since settled with the World Fuel Defendants and Irving Oil and now maintains that CP misfeasance is based upon the railroad's failure to abide by a Canadian regulation in North Dakota that supposedly would have caused the originating railroad to refuse to carry the crude oil based upon reason to suspect inaccurate classification. Private party litigation in Texas, Illinois, and Maine charges CP with the misclassification and mis-packaging (i.e., DOT-111 tank car) negligence. Those cases include a class action and a mass action in Texas and wrongful death actions in Illinois and Maine. CP removed all cases to U.S. federal court, and motions have been filed with respect to jurisdiction and venue.

In response to CP's motion to withdraw the adversary proceedings from the U.S. Proceeding, the trustee maintained that Canadian law rather than U.S. law controlled, and the court found that if the federal regulations governed, the case was not complex enough to warrant withdrawal. CP moved to dismiss for want of personal jurisdiction, but that motion, which was heard on August 18, 2015, has been denied. Motions to dismiss on procedural grounds are pending in the private litigation. The parties recently stipulated that the bankruptcy adversary proceedings would be tried in district court before a jury.

Plans of arrangement have been approved both in the Canadian Proceeding and the U.S. Proceeding. These Plans provide for the distribution of a fund of approximately $440 million amongst those who claimed loss or damage as a result of the derailment and will release those parties which contributed to the fund from any further liability. The Plans also provide for broadly worded third-party releases and injunctions that prevent actions against settling parties. CP has not participated in the settlement and hence will not benefit from any third-party releases or injunctions. In addition, both Plans contain judgment reduction provisions. Pursuant to these provisions, in the event of a judgment against CP in a case arising from the Lac-Mégantic derailment, CP should receive a credit for the greater of (i) the settlement monies received by the plaintiff(s) for the claim, or (ii) the amount which, but for the third-party non-debtor injunctions, CP would have been entitled to obtain from third parties other than MMA and MMAC through contribution or indemnification. CP may also have rights to judgment reduction, as part of the contribution/indemnification credit, for the fault of MMA and/or MMAC. The provisions of the Plans also provide for a potential re-allocation of some aspects of the MMA Group's liability among plaintiffs and non-settling parties.

Besides litigation that has now been commenced by wrongful death, personal injury, and property damage plaintiffs against CP in Maine, Texas, and Illinois, CP has received two damage to cargo notices of claims from the shipper of the oil on the derailed train, Western Petroleum. Western Petroleum submitted U.S. and Canadian notices of claims for the same damages and, under the Carmack Amendment (the U.S. damage to cargo statute), seeks to recover for all injuries associated with, and indemnification for all claims arising from, the derailment. Both jurisdictions permit a shipper to recover the value of damaged lading against any carrier in the delivery chain, subject to limitations in the carrier's tariffs. CP's tariffs significantly restrict shipper damage claim rights.

Western Petroleum is part of the World Fuel Services group, and those entities recently settled with the trustee. In connection with that settlement, Western Petroleum assigned to the bankruptcy trustee the right to delegate those cargo-related claims. To date the trustee has not so delegated, but he has indicated that the cargo claims will be assigned to the Trust to be formed to handle

distributions of funds to wrongful death plaintiffs. Before the settlement, both the World Fuel Services group and the trustee maintained that Carmack liability extends beyond lading losses to cover all damages incurred by the World Fuel Services group or Irving Oil associated with the derailment. CP disputes this interpretation of the law. CP disputes this interpretation of damages to lading law and CP's tariffs, if applicable, preclude such a result.

At this early stage of the legal proceedings, any potential liability and the quantum of potential loss cannot be determined. Nevertheless, CP denies liability for the MMA derailment and intends to vigorously defend itself in the proceedings described above and in any proceeding that may be commenced in the future.

Legal proceedings initiated by Canadian National Railway Company

On August 13, 2015, Canadian National Railway Company ("CN") issued a statement of claim against the Company and an employee. The statement of claim was amended on January 7, 2016 to include an additional employee and an officer of the Company. The principal allegations against the Company are that the Company obtained and benefited from certain confidential CN customer data. CN is seeking damages but has not yet provided evidence to substantiate its damages claim. The Company plans to defend this claim and the amount of loss, if any, to the Company as a result of the claim cannot be reasonably estimated.

28 Guarantees

In the normal course of operating the railway, the Company enters into contractual arrangements that involve providing certain guarantees, which extend over the term of the contracts. These guarantees include, but are not limited to:

- residual value guarantees on operating lease commitments of $28 million at December 31, 2015;
- guarantees to pay other parties in the event of the occurrence of specified events, including damage to equipment, in relation to assets used in the operation of the railway through operating leases, rental agreements, easements, trackage, and interline agreements; and
- indemnifications of certain tax-related payments incurred by lessors and lenders.

The maximum amount that could be payable under these guarantees, excluding residual value guarantees, cannot be reasonably estimated due to the nature of certain of these guarantees. All or a portion of amounts paid under guarantees to other parties in the event of the occurrence of specified events could be recoverable from other parties or through insurance. The Company has accrued for all guarantees that it expects to pay. At December 31, 2015, these accruals amounted to $4 million (2014 – $3 million), recorded in "Accounts payable and accrued liabilities".

Indemnifications

Pursuant to a trust and custodial services agreement with the trustee of the Canadian Pacific Railway Company Pension Plan, the Company has undertaken to indemnify and save harmless the trustee, to the extent not paid by the fund, from any and all taxes, claims, liabilities, damages, costs, and expenses arising out of the performance of the trustee's obligations under the agreement, except as a result of misconduct by the trustee. The indemnity includes liabilities, costs, or expenses relating to any legal reporting or notification obligations of the trustee with respect to the defined contribution option of the pension plans or otherwise with respect to the assets of the pension plans that are not part of the fund. The indemnity survives the termination or expiry of the agreement with respect to claims and liabilities arising prior to the termination or expiry. At December 31, 2015, the Company had not recorded a liability associated with this indemnification, as it does not expect to make any payments pertaining to it.

29 Segmented and geographic information

Operating segment

The Company operates in only one operating segment: rail transportation. Operating results by geographic areas, railway corridors or other lower level components or units of operation are not reviewed by the Company's chief operating decision maker to make decisions about the allocation of resources to, or the assessment of performance of, such geographic areas, corridors, components or units of operation.

In the years ended December 31, 2015, 2014, and 2013, no one customer comprised more than 10% of total revenues and accounts receivable.

Geographic information

(in millions of Canadian dollars)	Canada	United States	Total
2015			
Revenues	**$ 4,662**	**$ 2,050**	**$ 6,712**
Long-term assets excluding financial instruments, mortgages receivable, and deferred tax assets	**$ 10,630**	**$ 6,068**	**$ 16,698**
2014			
Revenues	$ 4,655	$ 1,965	$ 6,620
Long-term assets excluding financial instruments, mortgages receivable, and deferred tax assets	$ 10,114	$ 4,733	$ 14,847
2013			
Revenues	$ 4,330	$ 1,803	$ 6,133
Long-term assets excluding financial instruments, mortgages receivable, and deferred tax assets	$ 9,842	$ 4,237	$ 14,079

30 Selected quarterly data (unaudited)

For the quarter ended	2015				2014			
(in millions of Canadian dollars, except per share data)	**Dec. 31**	**Sep. 30**	**Jun. 30**	**Mar. 31**	Dec. 31	Sep. 30	Jun. 30	Mar. 31
Total revenues	**$ 1,687**	**$ 1,709**	**$ 1,651**	**$ 1,665**	$ 1,760	$ 1,670	$ 1,681	$ 1,509
Operating income	**677**	**753**	**646**	**612**	708	621	587	423
Net income	**319**	**323**	**390**	**320**	451	400	371	254
Basic earnings per share[(1)]	**$ 2.09**	**$ 2.05**	**$ 2.38**	**$ 1.94**	$ 2.66	$ 2.33	$ 2.13	$ 1.45
Diluted earnings per share	**2.08**	**2.04**	**2.36**	**1.92**	2.63	2.31	2.11	1.44

(1) Per share net income for the four quarters combined may not equal the per share net income for the year due to rounding.

31 Condensed consolidating financial information

Canadian Pacific Railway Company, a 100%-owned subsidiary of Canadian Pacific Railway Limited ("CPRL"), is the issuer of certain debt securities, which are fully and unconditionally guaranteed by CPRL. The following tables present condensed consolidating financial information ("CCFI") in accordance with Rule 3-10(c) of Regulation S-X.

Investments in subsidiaries are accounted for under the equity method when presenting the CCFI.

The tables include all adjustments necessary to reconcile the CCFI on a consolidated basis to CPRL's consolidated financial statements for the periods presented.

CONDENSED CONSOLIDATING STATEMENTS OF INCOME
YEAR ENDED DECEMBER 31, 2015

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Revenues					
Freight	$ —	$ 4,532	$ 2,020	$ —	$ 6,552
Non-freight	—	128	363	(331)	160
Total revenues	—	4,660	2,383	(331)	6,712
Operating expenses					
Compensation and benefits	—	943	428	—	1,371
Fuel	—	549	159	—	708
Materials	—	148	36	—	184
Equipment rents	—	181	(7)	—	174
Depreciation and amortization	—	411	184	—	595
Purchased services and other	—	711	680	(331)	1,060
Gain on sale of Delaware & Hudson South	—	—	(68)	—	(68)
Total operating expenses	—	2,943	1,412	(331)	4,024
Operating income	—	1,717	971	—	2,688
Less:					
Other income and charges	84	322	(71)	—	335
Net interest (income) expense	(5)	447	(48)	—	394
(Loss) income before income tax expense and equity in net earnings of subsidiaries	(79)	948	1,090	—	1,959
Less: Income tax (recovery) expense	(21)	303	325	—	607
Add: Equity in net earnings of subsidiaries	1,410	765	—	(2,175)	—
Net income	$ 1,352	$ 1,410	$ 765	$ (2,175)	$ 1,352

CONDENSED CONSOLIDATING STATEMENTS OF INCOME
YEAR ENDED DECEMBER 31, 2014

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Revenues					
Freight	$ —	$ 4,524	$ 1,940	$ —	$ 6,464
Non-freight	—	130	357	(331)	156
Total revenues	—	4,654	2,297	(331)	6,620
Operating expenses					
Compensation and benefits	—	945	403	—	1,348
Fuel	—	779	269	—	1,048
Materials	—	156	37	—	193
Equipment rents	—	137	18	—	155
Depreciation and amortization	—	396	156	—	552
Purchased services and other	—	706	610	(331)	985
Total operating expenses	—	3,119	1,493	(331)	4,281
Operating income	—	1,535	804	—	2,339
Less:					
Other income and charges	3	46	(30)	—	19
Net interest expense	—	250	32	—	282
(Loss) income before income tax expense and equity in net earnings of subsidiaries	(3)	1,239	802	—	2,038
Less: Income tax (recovery) expense	(1)	320	243	—	562
Add: Equity in net earnings of subsidiaries	1,478	559	—	(2,037)	—
Net income	$ 1,476	$ 1,478	$ 559	$ (2,037)	$ 1,476

CONDENSED CONSOLIDATING STATEMENTS OF INCOME
YEAR ENDED DECEMBER 31, 2013

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Revenues					
Freight	$ —	$ 4,201	$ 1,781	$ —	$ 5,982
Non-freight	—	128	364	(341)	151
Total revenues	—	4,329	2,145	(341)	6,133
Operating expenses					
Compensation and benefits	—	1,021	357	—	1,378
Fuel	—	751	253	—	1,004
Materials	—	125	35	—	160
Equipment rents	—	150	23	—	173
Depreciation and amortization	—	416	149	—	565
Purchased services and other	—	690	649	(341)	998
Asset impairment	—	—	435	—	435
Total operating expenses	—	3,153	1,901	(341)	4,713
Operating income	—	1,176	244	—	1,420
Less:					
Other income and charges	1	28	(12)	—	17
Net interest (income) expense	(1)	211	68	—	278
Income before income tax expense and equity in net earnings of subsidiaries	—	937	188	—	1,125
Less: Income tax expense	—	243	7	—	250
Add: Equity in net earnings of subsidiaries	875	181	—	(1,056)	—
Net income	$ 875	$ 875	$ 181	$ (1,056)	$ 875

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2015

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Net income	$ 1,352	$ 1,410	$ 765	$ (2,175)	$ 1,352
Net (loss) gain in foreign currency translation adjustments, net of hedging activities	—	(757)	671	—	(86)
Change in derivatives designated as cash flow hedges	—	(69)	—	—	(69)
Change in pension and post-retirement defined benefit plans	—	1,061	(2)	—	1,059
Other comprehensive income before income taxes	—	235	669	—	904
Income tax (expense) recovery on above items	—	(163)	1	—	(162)
Equity accounted investments	742	670	—	(1,412)	—
Other comprehensive income	742	742	670	(1,412)	742
Comprehensive income	$ 2,094	$ 2,152	$ 1,435	$ (3,587)	$ 2,094

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2014

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Net income	$ 1,476	$ 1,478	$ 559	$ (2,037)	$ 1,476
Net (loss) gain in foreign currency translation adjustments, net of hedging activities	—	(316)	284	—	(32)
Change in derivatives designated as cash flow hedges	—	(49)	—	—	(49)
Change in pension and post-retirement defined benefit plans	—	(908)	(33)	—	(941)
Other comprehensive (loss) income before income taxes	—	(1,273)	251	—	(1,022)
Income tax recovery on above items	—	293	13	—	306
Equity accounted investments	(716)	264	—	452	—
Other comprehensive (loss) income	(716)	(716)	264	452	(716)
Comprehensive income	$ 760	$ 762	$ 823	$ (1,585)	$ 760

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2013

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Net income	$ 875	$ 875	$ 181	$ (1,056)	$ 875
Net (loss) gain in foreign currency translation adjustments, net of hedging activities	—	(219)	222	—	3
Change in derivatives designated as cash flow hedges	—	(1)	—	—	(1)
Change in pension and post-retirement defined benefit plans	—	1,631	50	—	1,681
Other comprehensive income before income taxes	—	1,411	272	—	1,683
Income tax recovery on above items	—	(400)	(18)	—	(418)
Equity accounted investments	1,265	254	—	(1,519)	—
Other comprehensive income	1,265	1,265	254	(1,519)	1,265
Comprehensive income	$ 2,140	$ 2,140	$ 435	$ (2,575)	$ 2,140

CONDENSED CONSOLIDATING BALANCE SHEETS
AS AT DECEMBER 31, 2015

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Assets					
Current assets					
Cash and cash equivalents	$ —	$ 502	$ 148	$ —	$ 650
Accounts receivable, net	—	452	193	—	645
Accounts receivable, inter-company	59	105	265	(429)	—
Short-term advances to affiliates	—	75	3,483	(3,558)	—
Materials and supplies	—	154	34	—	188
Other current assets	—	37	17	—	54
	59	1,325	4,140	(3,987)	1,537
Long-term advances to affiliates	501	207	376	(1,084)	—
Investments	—	22	130	—	152
Investments in subsidiaries	7,518	9,832	—	(17,350)	—
Properties	—	8,481	7,792	—	16,273
Goodwill and intangible assets	—	3	208	—	211
Pension asset	—	1,401	—	—	1,401
Other assets	—	55	8	—	63
Deferred income taxes	25	—	—	(25)	—
Total assets	$ 8,103	$ 21,326	$ 12,654	$ (22,446)	$ 19,637
Liabilities and shareholders' equity					
Current liabilities					
Accounts payable and accrued liabilities	$ 54	$ 1,122	$ 241	$ —	$ 1,417
Accounts payable, inter-company	—	325	104	(429)	—
Short-term advances from affiliates	3,253	230	75	(3,558)	—
Long-term debt maturing within one year	—	24	6	—	30
	3,307	1,701	426	(3,987)	1,447
Pension and other benefit liabilities	—	676	82	—	758
Long-term advances from affiliates	—	877	207	(1,084)	—
Other long-term liabilities	—	186	132	—	318
Long-term debt	—	8,863	64	—	8,927
Deferred income taxes	—	1,505	1,911	(25)	3,391
Total liabilities	3,307	13,808	2,822	(5,096)	14,841
Shareholders' equity					
Share capital	2,058	1,037	5,465	(6,502)	2,058
Additional paid-in capital	43	1,568	613	(2,181)	43
Accumulated other comprehensive (loss) income	(1,477)	(1,477)	840	637	(1,477)
Retained earnings	4,172	6,390	2,914	(9,304)	4,172
	4,796	7,518	9,832	(17,350)	4,796
Total liabilities and shareholders' equity	$ 8,103	$ 21,326	$ 12,654	$ (22,446)	$ 19,637

CONDENSED CONSOLIDATING BALANCE SHEETS
AS AT DECEMBER 31, 2014

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Assets					
Current assets					
Cash and cash equivalents	$ —	$ 152	$ 74	$ —	$ 226
Accounts receivable, net	—	490	212	—	702
Accounts receivable, inter-company	58	147	230	(435)	—
Short-term advances to affiliates	—	170	1,974	(2,144)	—
Materials and supplies	—	137	40	—	177
Other current assets	—	27	89	—	116
	58	1,123	2,619	(2,579)	1,221
Long-term advances to affiliates	1	207	1,316	(1,524)	—
Investments	—	15	97	—	112
Investments in subsidiaries	7,618	8,231	—	(15,849)	—
Properties	—	7,976	6,462	—	14,438
Assets held for sale	—	8	174	—	182
Goodwill and intangible assets	—	—	176	—	176
Pension asset	—	304	—	—	304
Other assets	—	94	23	—	117
Deferred income taxes	4	15	37	(56)	—
Total assets	$ 7,681	$ 17,973	$ 10,904	$ (20,008)	$ 16,550
Liabilities and shareholders' equity					
Current liabilities					
Accounts payable and accrued liabilities	$ 97	$ 896	$ 284	$ —	$ 1,277
Accounts payable, inter-company	—	288	147	(435)	—
Short-term advances from affiliates	1,974	—	170	(2,144)	—
Long-term debt maturing within one year	—	91	43	—	134
	2,071	1,275	644	(2,579)	1,411
Pension and other benefit liabilities	—	692	63	—	755
Long-term advances from affiliates	—	1,316	208	(1,524)	—
Other long-term liabilities	—	286	146	—	432
Long-term debt	—	5,570	55	—	5,625
Deferred income taxes	—	1,216	1,557	(56)	2,717
Total liabilities	2,071	10,355	2,673	(4,159)	10,940
Shareholders' equity					
Share capital	2,185	1,037	5,122	(6,159)	2,185
Additional paid-in capital	36	1,547	569	(2,116)	36
Accumulated other comprehensive loss	(2,219)	(2,219)	170	2,049	(2,219)
Retained earnings	5,608	7,253	2,370	(9,623)	5,608
	5,610	7,618	8,231	(15,849)	5,610
Total liabilities and shareholders' equity	$ 7,681	$ 17,973	$ 10,904	$ (20,008)	$ 16,550

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Cash provided by operating activities	$ 2,283	$ 1,650	$ 1,074	$ (2,548)	$ 2,459
Investing activities					
Additions to properties	—	(766)	(756)	—	(1,522)
Proceeds from the sale of Delaware & Hudson South	—	—	281	—	281
Proceeds from sale of properties and other assets	—	103	11	—	114
Advances to affiliates	(1,133)	(311)	(1,820)	3,264	—
Repayment of advances to affiliates	—	804	1,000	(1,804)	—
Capital contributions to affiliates	—	(1,655)	—	1,655	—
Repurchase of share capital from affiliates	—	1,210	—	(1,210)	—
Other	—	6	(2)	—	4
Cash used in investing activities	(1,133)	(609)	(1,286)	1,905	(1,123)
Financing activities					
Dividends paid	(226)	(2,272)	(276)	2,548	(226)
Issuance of share capital	—	—	1,655	(1,655)	—
Return of share capital to affiliates	—	—	(1,210)	1,210	—
Issuance of CP Common Shares	43	—	—	—	43
Purchase of CP Common Shares	(2,787)	—	—	—	(2,787)
Issuance of long-term debt, excluding commercial paper	—	3,411	—	—	3,411
Repayment of long-term debt, excluding commercial paper	—	(461)	(44)	—	(505)
Net repayment of commercial paper	—	(893)	—	—	(893)
Advances from affiliates	1,820	500	944	(3,264)	—
Repayment of advances from affiliates	—	(1,000)	(804)	1,804	—
Cash (used in) provided by financing activities	(1,150)	(715)	265	643	(957)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	—	24	21	—	45
Cash position					
Increase in cash and cash equivalents	—	350	74	—	424
Cash and cash equivalents at beginning of year	—	152	74	—	226
Cash and cash equivalents at end of year	$ —	$ 502	$ 148	$ —	$ 650

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Cash provided by operating activities	$ 183	$ 1,684	$ 604	$ (348)	$ 2,123
Investing activities					
Additions to properties	—	(816)	(702)	69	(1,449)
Proceeds from the sale of west end of Dakota, Minnesota and Eastern Railroad	—	—	236	—	236
Proceeds from sale of properties and other assets	—	116	5	(69)	52
Advances to affiliates	—	(611)	(2,636)	3,247	—
Repayment of advances to affiliates	—	2,167	1,592	(3,759)	—
Capital contributions to affiliates	—	(2,927)	—	2,927	—
Change in restricted cash and cash equivalents used to collateralize letters of credit	—	411	—	—	411
Other	—	2	(2)	—	—
Cash used in investing activities	—	(1,658)	(1,507)	2,415	(750)
Financing activities					
Dividends paid	(244)	(182)	(166)	348	(244)
Issuance of share capital	—	—	2,927	(2,927)	—
Issuance of CP Common Shares	62	—	—	—	62
Purchase of CP Common Shares	(2,050)	—	—	—	(2,050)
Repayment of long-term debt, excluding commercial paper	—	(174)	(9)	—	(183)
Net issuance of commercial paper	—	771	—	—	771
Settlement of foreign exchange forward on long-term debt	—	17	—	—	17
Advances from affiliates	2,049	1,198	—	(3,247)	—
Repayment of advances from affiliates	—	(1,592)	(2,167)	3,759	—
Other	—	—	(3)	—	(3)
Cash (used in) provided by financing activities	(183)	38	582	(2,067)	(1,630)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	—	(3)	10	—	7
Cash position					
Increase (decrease) in cash and cash equivalents	—	61	(311)	—	(250)
Cash and cash equivalents at beginning of year	—	91	385	—	476
Cash and cash equivalents at end of year	$ —	$ 152	$ 74	$ —	$ 226

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

(in millions of Canadian dollars)	CPRL (Parent Guarantor)	CPRC (Subsidiary Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments and Eliminations	CPRL Consolidated
Cash provided by operating activities	$ 123	$ 1,327	$ 707	$ (207)	$ 1,950
Investing activities					
Additions to properties	—	(882)	(470)	116	(1,236)
Proceeds from sale of properties and other assets	—	65	124	(116)	73
Advances to affiliates	—	—	(137)	137	—
Repayment of advances to affiliates	—	—	84	(84)	—
Capital contributions to affiliates	—	(100)	—	100	—
Change in restricted cash and cash equivalents used to collateralize letters of credit	—	(411)	—	—	(411)
Other	—	(21)	(2)	—	(23)
Cash used in investing activities	—	(1,349)	(401)	153	(1,597)
Financing activities					
Dividends paid	(244)	(123)	(84)	207	(244)
Issuance of share capital	—	—	100	(100)	—
Issuance of CP Common Shares	83	—	—	—	83
Issuance of long-term debt, excluding commercial paper	—	60	(60)	—	—
Repayment of long-term debt, excluding commercial paper	—	(48)	(8)	—	(56)
Advances from affiliates	38	99	—	(137)	—
Repayment of advances from affiliates	—	(84)	—	84	—
Other	—	(3)	—	—	(3)
Cash used in financing activities	(123)	(99)	(52)	54	(220)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	—	1	9	—	10
Cash position					
(Decrease) increase in cash and cash equivalents	—	(120)	263	—	143
Cash and cash equivalents at beginning of year	—	211	122	—	333
Cash and cash equivalents at end of year	$ —	$ 91	$ 385	$ —	$ 476

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of December 31, 2015, an evaluation was carried out under the supervision of and with the participation of CP's management, including CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on that evaluation, the CEO and CFO concluded that these disclosure controls and procedures were effective as of December 31, 2015, to ensure that information required to be disclosed by the Company in reports that they file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified by the SEC rules and forms and (ii) accumulated and communicated to the Company’s management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of the Company’s internal control over financial reporting in accordance with the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in “Internal Control-Integrated Framework (2013)”. Based on this assessment, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2015. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the reliability of financial reporting and preparation of financial statements in accordance with generally accepted accounting principles.

The effect of the Company's internal control over financial reporting as of December 31, 2015 has been audited by Deloitte LLP, the Company's independent registered public accounting firm, as stated in their report, which is included herein.

Changes in Internal Control over Financial Reporting

During the year, the Company has not identified any changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and the Shareholders of Canadian Pacific Railway Limited:

We have audited the internal control over financial reporting of Canadian Pacific Railway Limited and subsidiaries (the "Company") as of December 31, 2015, based on the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2015 of the Company and our report dated February 29, 2016 expressed an unqualified opinion on those financial statements.

/s/ Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
February 29, 2016
Calgary, Canada

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

In accordance with Instruction G(3) of Form 10-K, the information required by this item is incorporated herein by reference to the Company's definitive Proxy Statement filed with the SEC on February 29, 2016 (the “Proxy Statement”).

Directors of Registrant
The information regarding directors is included in the Nominees for Election to the Board section of the Proxy Statement and is incorporated herein by reference.

The information regarding the Audit Committee is included in the Statement of Corporate Governance section of the Proxy Statement and is incorporated herein by reference.

Executive Officers of Registrant
The information regarding executive officers is included in Part I of this report under Executive Officers of the Registrant, following Item 4. Mine Safety Disclosures.

Compliance with Section 16(a) of the Exchange Act
The information regarding the compliance with Section 16(a) of the Securities Exchange Act of 1934 is included in Section 16(a) Beneficial Ownership Reporting Compliance section of the Proxy Statement and is incorporated herein by reference.

Code of Ethics for Chief Executive Officer and Senior Financial Officers
The Board of Directors of CP has adopted the Code of Ethics for the Chief Executive Officer and Senior Financial Officers, which is accessible through CP's website at http://www.cpr.ca/en/about-cp/corporate-governance. All amendments to the code, and all waivers of the code with respect to any of the officers covered by it, will be posted on CP’s website and provided in print to any person who requests them.

ITEM 11. EXECUTIVE COMPENSATION

In accordance with Instruction G(3) of Form 10-K, the information required by this item regarding executive compensation is included in the Statement of Executive Compensation section of the Proxy Statement and is incorporated herein by reference.

The information regarding the Compensation Committee is included in the Report of the Management Resources and Compensation Committee section of the Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

In accordance with Instruction G(3) of Form 10-K, the information required by this item is included in the Management Stock Option Incentive Plan section and the Security Ownership of Certain Beneficial Owners and Management section of the Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

In accordance with Instruction G(3) of Form 10-K, the information require by this item regarding director independence and transactions with related persons is included in the Statement of Corporate Governance section and the Nominees for Election to the Board section of the Proxy Statement, which is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

In accordance with Instruction G(3) of Form 10-K, the information required by this item regarding the fees billed by the independent registered public accounting firm and the nature of services comprising the fees is included in the Statement of Corporate Governance section of the Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

(a) Financial Statements

The financial statements filed as part of this filing are listed on the Index to Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data.

(b) Financial Statement Schedules

Schedule II - Valuation and Qualifying Accounts

(in millions of Canadian dollars)	Beginning balance at January 1	Additions charged to expenses	Payments and other reductions	Impact of FX	Ending balance at December 31
Accruals for legal, personal injury and casualty-related claims[1]					
2013	$ 172	$ 62	$ (84)	$ 3	$ 153
2014	$ 153	$ 32	$ (38)	$ 3	$ 150
2015	$ 150	$ 79	$ (102)	$ 6	$ 133
Environmental liabilities					
2013	$ 89	$ 6	$ (9)	$ 4	$ 90
2014	$ 90	$ 4	$ (9)	$ 6	$ 91
2015	$ 91	$ 7	$ (17)	$ 12	$ 93

[1] Includes WCB, FELA, occupational, foreign car damage and property & lading damage claims.

(c) Exhibits

Exhibits are listed in the exhibit index below. The exhibits include management contracts, compensatory plans and arrangements required to be filed as exhibits to the Form 10-K by Item 601 (10) (iii) of Regulation S-K.

Exhibit	Description
3	***Articles of incorporation and Bylaws:***
3.1**	Restated Certificate and Articles of Incorporation of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 99.2 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on October 22, 2015, File No. 001-01342).
3.2**	By-law No. 1, as amended, of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 1 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on May 22, 2009, File No. 001-01342).
3.3**	By-law No. 2 of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 99.1 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on March 13, 2015, File No. 001-01342).
3.4**	General By-law, as amended, of Canadian Pacific Railway Company, a wholly owned subsidiary of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 2 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on May 22, 2009, File No. 001-01342).
4	***Instruments Defining the Rights of Security Holders, Including Indentures:***
4.1**	Indenture dated as of May 8, 2007 between Canadian Pacific Railway Company and The Bank of New York Mellon.
4.2**	First Supplemental Indenture dated as of May 8, 2007 between Canadian Pacific Railway Company and The Bank of New York Mellon.
4.3**	Second Supplemental Indenture dated as of May 20, 2008 between Canadian Pacific Railway Company and The Bank of New York Mellon.
4.4**	Third Supplemental Indenture dated as of May 15, 2009 between Canadian Pacific Railway Company and The Bank of New York Mellon.
4.5**	Fourth Supplemental Indenture dated as of September 23, 2010 between Canadian Pacific Railway Company and The Bank of New York Mellon.
4.6**	Fifth Supplemental Indenture dated as of December 1, 2011 between Canadian Pacific Railway Company and The Bank of New York Mellon.
4.7**	Sixth Supplemental Indenture dated as of February 2, 2015 between Canadian Pacific Railway Company and The Bank of New York Mellon.
4.8**	Seventh Supplemental Indenture dated as of August 3, 2015 between Canadian Pacific Railway Company and The Bank of New York Mellon.
4.9**	Eighth Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon.
4.10**	Indenture dated as of October 30, 2001 between Canadian Pacific Railway Company and The Bank of New York Mellon.
4.11**	First Supplemental Indenture dated as of April 23, 2004 between Canadian Pacific Railway Company and The Bank of New York Mellon.
4.12**	Second Supplemental Indenture dated as of October 12, 2011 between Canadian Pacific Railway Limited and The Bank of New York Mellon.
4.13**	Third Supplemental Indenture dated as of October 13, 2011 between Canadian Pacific Railway Company and The Bank of New York Mellon.
4.14**	Fourth Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon.
4.15**	Indenture dated as of July 15, 1991 between Canadian Pacific Railway Company and Harris Trust and Savings Bank.
4.16**	First Supplemental Indenture dated as of July 1, 1996 between Canadian Pacific Railway Company and Harris Trust and Savings Bank.
4.17**	Second Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon (as successor in interest to Harris Trust and Savings Bank).
4.18**	Indenture dated as of May 23, 2008 between Canadian Pacific Railway Company and Computershare Trust Company of Canada.
4.19**	First Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and Computershare Trust Company of Canada.

4.20**	Indenture dated as of September 11, 2015, from Canadian Pacific Railway Company to Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 99.1 to Canadian Pacific Railway Limited's Registration Statement on Form 6-K filed with the Securities and Exchange Commission on September 14, 2015, File No. 001-01342).
4.21**	First Supplemental Indenture dated as of September 11, 2015 between Canadian Pacific Railway Company and The Bank of New York Mellon.
4.22**	Second Supplemental Indenture dated as of November 24, 2015 among Canadian Pacific Railway Limited, Canadian Pacific Railway Company and The Bank of New York Mellon.
4.23**	Guarantee of Canadian Pacific Railway Company's Perpetual 4% Consolidated Debenture Stock dated as of December 18, 2015, between Canadian Pacific Railway Limited and Canadian Pacific Railway Company.
10	***Material Contracts:***
10.1*'**	CP 401(k) Savings Plan, as amended and restated effective October 27, 2014 (incorporated by reference to Exhibit 4.5 to Canadian Pacific Railway Limited's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on December 21, 2015, File No. 333-208647).
10.2*'**	Stand-Alone Option Agreement dated February 4, 2013 between the Registrant and Keith Creel (incorporated by reference to Exhibit 4.2 to Canadian Pacific Railway Limited's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on May 24, 2013, File No. 333-188827).
10.3*'**	Performance Share Unit Plan for Eligible Employees of Canadian Pacific Railway Limited, adopted with effect from February 17, 2009, as amended February 22, 2013, April 30, 2014 and February 18, 2015.
10.4*'**	Canadian Pacific Railway Limited Amended and Restated Management Stock Option Incentive Plan, as amended and restated effective November 19, 2015.
10.5*'**	Canadian Pacific Railway Limited Employee Share Purchase Plan (U.S.) dated July 1, 2006 ("ESPP (U.S.)"), and Amendment to the ESPP (U.S.) effective January 1, 2015, and Amendment to the ESPP (U.S.) January 1, 2016.
10.6*'**	Stand-Alone Option Agreement dated June 26, 2012 between the Registrant and E. Hunter Harrison (incorporated by reference to Exhibit 4.2 to Canadian Pacific Railway Limited's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on September 14, 2012, File No. 333-183891).
10.7*'**	Directors' Stock Option Plan, effective October 1, 2001.
10.8*'**	Directors' Deferred Share Unit Plan, as amended effective July 1, 2013.
10.9*'**	Senior Executives' Deferred Share Unit Plan, effective as of January 1, 2001, as amended September 6, 2012.
10.10*'**	Canadian Pacific Railway Limited Employee Share Purchase Plan (Canada) dated July 1, 2006 ("ESPP (Canada)"), and Amendment to the ESPP (Canada) effective January 1, 2013, and Amendment to the ESPP (Canada) effective November 5, 2013, and Amendment to the ESPP (Canada) effective July 17, 2014.
10.11*'**	Canadian Pacific U.S. Salaried Retirement Income Plan, as restated effective January 1, 2015.
10.12*'**	Canadian Pacific U.S. Supplemental Executive Retirement Plan, effective January 1, 2013 ("CPUSERP"), and First Amendment to the CPUSERP effective November 14, 2013, and Second Amendment to the CPUSERP effective January 1, 2014.
10.13*'**	Restricted Share Unit Plan for Eligible Employees of Canadian Pacific Railway Limited, effective August 2, 2011, as amended February 21, 2013.
10.14*'**	Short Term Incentive Plan for Non-Unionized Employees (Canada) and US Salaried Employees, effective January 1, 2014.
10.15*'**	Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009.
10.16*'**	Amendment Number 1, effective July 1, 2010, to the Defined Contribution Provisions (Appendix B) of the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009.
10.17*'**	Amendment Number 2, effective April 1, 2011, to the Defined Contribution Provisions (Appendix B) of the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009.
10.18*'**	Amendment Number 3, effective January 1, 2013, to the Defined Contribution Provisions (Appendix B) of the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009.
10.19*'**	Amendment Number 1 to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009, approved by the Board of Directors on December 16, 2009.
10.20*'**	Amendment Number 2, effective January 1, 2010, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009.
10.21*'**	Amendment Number 3, effective January 1, 2010, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009.

10.22*,**	Amendment Number 4, effective January 1, 2011, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009.
10.23*,**	Amendment Number 5, effective January 1, 2011, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009.
10.24*,**	Amendment Number 6, effective October 1, 2012, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009.
10.25*,**	Amendment Number 7, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009.
10.26*,**	Amendment Number 8, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009.
10.27*,**	Amendment Number 9, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009.
10.28*,**	Amendment Number 10, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009.
10.29*,**	Amendment Number 11, effective January 1, 2013, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009.
10.30*,**	Amendment Number 12, effective January 1, 2015, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009.
10.31*,**	Amendment Number 13, effective January 1, 2015, to the Canadian Pacific Railway Company Pension Plan (Pension Plan Rules), consolidated as at January 1, 2009.
10.32*,**	Canadian Pacific Railway Company Secondary Pension Plan (Pension Plan Rules), effective June 1, 2013.
10.33*,**	Amendment Number 1, effective June 1, 2013, to the Canadian Pacific Railway Company Secondary Pension Plan (Pension Plan Rules), effective June 1, 2013.
10.34*,**	Amendment Number 2, effective January 1, 2015, to the Canadian Pacific Railway Company Secondary Pension Plan (Pension Plan Rules) effective January 1, 2015.
10.35*,**	Canadian Pacific Supplemental Executive Retirement Plan, effective January 1, 2011.
10.36*,**	Executive Employment Agreement between Canadian Pacific Railway Company and Hunter Harrison, effective as of June 28, 2012.
10.37*,**	Amendment dated as of May 5, 2014, to the Executive Employment Agreement between Canadian Pacific Railway Company and Hunter Harrison, effective as of June 28, 2012.
10.38*,**	Executive Employment Agreement between Canadian Pacific Railway Company, Soo Line Railroad Company and Keith Creel, effective as of February 5, 2013.
10.39*,**	Amendment dated August 10, 2015, to the Executive Employment Agreement between Canadian Pacific Railway Company, Soo Line Railroad Company and Keith Creel, effective as of February 5, 2013.
10.40*,**	Offer of Employment Letter to Mark Erceg dated April 30, 2015.
10.41*,**	Change in Control Agreement between Canadian Pacific Railway Company and Mark Erceg made as of May 18, 2015.
10.42*,**	Offer of Employment Letter to Mark Wallace dated July 16, 2012.
10.43*,**	Change in Control Agreement between Canadian Pacific Railway Company and Mark Wallace made as of May 1, 2014.
10.44*,**	Offer of Employment Letter to Laird Pitz dated March 7, 2014.
10.45**	Credit Agreement dated as of September 26, 2014 among Canadian Pacific Railway Company and CPR Securities Limited, as borrowers, Canadian Pacific Railway Limited, as covenantor, the Financial Institutions that are signatories to the Credit Agreement, as Lenders, the Royal Bank of Canada, as Administrative Agent, RBC Capital Markets, J.P. Morgan Securities LLC, TD Securities, Morgan Stanley MUFG Loan Partners, LLC and Citibank, N.A., Canadian Branch, as Co-Lead Arrangers, RBC Capital Markets and J.P. Morgan Securities LLC, as Joint Bookrunners, J.P. Morgan Chase Bank, N.A., as Syndication Agent, The Toronto-Dominion Bank, Morgan Stanley MUFG Loan Partners, LLC and Citibank, N.A., Canadian Branch, as Co-Documentation Agents.
10.46**	First Amending Agreement dated as of June 15, 2015, to the Credit Agreement dated September 26, 2014, among Canadian Pacific Railway Company and CPR Securities Limited, as borrowers, Canadian Pacific Railway Limited, as covenantor, the signatories to this First Amending Agreement to the Credit Agreement, as Lenders, the Royal Bank of Canada, as Administrative Agent.
10.47**	Second Amending Agreement dated as of September 17, 2015, to the Credit Agreement dated September 26, 2014, among Canadian Pacific Railway Company and CPR Securities Limited, as borrowers, Canadian Pacific Railway Limited, as covenantor, the signatories to the Second Amending Agreement to this Credit Agreement, as Lenders, the Royal Bank of Canada, as Administrative Agent.
12.1**	Ratio of earnings to fixed charges
21.1**	Subsidiaries of the registrant
23.1**	Consent of Independent Registered Public Accounting Firm

24.1**	Power of attorney (included on the signature pages of this Form 10-K)
31.1**	CEO Rule 13a-14(a) Certifications
31.2**	CFO Rule 13a-14(a) Certifications
32.1**	CEO Section 1350 Certifications
32.2**	CFO Section 1350 Certifications
99.1**	Annual CEO Certification pursuant to NYSE Rule 303A.12(a)
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document
	The following financial information from Canadian Pacific Railway Limited's Annual Report on Form 10-K for the year ended December 31, 2015, formatted in Extensible Business Reporting Language (XBRL) includes: (i) the Consolidated Statements of Income of each of the years ended December 31, 2015, 2014, and 2013; (ii) the Consolidated Statements of Comprehensive Income for each of the years ended December 31, 2015, 2014, and 2013; (iii) the Consolidated Balance Sheets at December 31, 2015 and 2014; (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014, and 2013; (v) the Consolidated Statements of Changes in Shareholders' Equity for each of the three years ended December 31, 2015, 2014, and 2013; and (vi) the Notes to Consolidated Financial Statements.

* Management contract or compensatory arrangement
**Filed with this Statement

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CANADIAN PACIFIC RAILWAY LIMITED
(Registrant)

By: /s/ E. HUNTER HARRISON
E. Hunter Harrison
Chief Executive Officer

Dated: February 29, 2016

POWER OF ATTORNEY

Each of the undersigned do hereby appoint each of Mark J. Erceg and Jeffrey J. Ellis, his or her true and lawful attorney-in-fact and agent, to sign on his or her behalf the Company's Annual Report on Form 10-K, for the year ended December 31, 2015, and any and all amendments thereto, and to file the same, with all exhibits thereto, with the Securities and Exchange Commission.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities indicated on February 29, 2016.

Signature	**Title**
/s/ E. HUNTER HARRISON E. Hunter Harrison	Chief Executive Officer and Director (Principal Executive Officer)
/s/ MARK J. ERCEG Mark J. Erceg	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ JEFFREY D. KAMPSEN Jeffrey D. Kampsen	Vice President and Controller
/s/ ANDREW F. REARDON Andrew F. Reardon	Chairman of the Board of Directors
/s/ WILLIAM A. ACKMAN William A. Ackman	Director
/s/ JOHN R. BAIRD John R. Baird	Director
/s/ ISABELLE COURVILLE Isabelle Courville	Director
/s/ KEITH E. CREEL Keith E. Creel	Director
/s/ REBECCA MACDONALD Rebecca MacDonald	Director
/s/ DR. ANTHONY R. MELMAN Dr. Anthony R. Melman	Director
/s/ MATTHEW H. PAULL Matthew H. Paull	Director

Exhibit 3.1

Industry Canada Industrie Canada

Restated Certificate of Incorporation

Canada Business Corporations Act

Certificat de constitution à jour

Loi canadienne sur les sociétés par actions

CANADIAN PACIFIC RAILWAY LIMITED
CHEMIN DE FER CANADIEN PACIFIQUE LIMITÉE

Corporate name / Dénomination sociale

395216-9

Corporation number / Numéro de société

I HEREBY CERTIFY that the articles of incorporation of the above-named corporation were restated under section 180 of the *Canada Business Corporations Act* as set out in the attached restated articles of incorporation.

JE CERTIFIE que les statuts constitutifs de la société susmentionnée ont été mis à jour en vertu de l'article 180 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les statuts mis à jour ci-joints.

Virginie Ethier

Director / Directeur

2015-05-14

Date of Restatement (YYYY-MM-DD)
Date de constitution à jour (AAAA-MM-JJ)

Canada

Industry Canada Industrie Canada

Canada Business Corporations Act (CBCA)
FORM 7
RESTATED ARTICLES OF INCORPORATION
(Section 180)

1 - Corporate name

CANADIAN PACIFIC RAILWAY LIMITED/CHEMIN DE FER CANADIEN PACIFIQUE LIMITÉE

2 - Corporation number

3 9 5 2 1 6 – 9

3 - The province or territory in Canada where the registered office is situated *(do not indicate the full address)*

Alberta

4 - The classes and any maximum number of shares that the corporation is authorized to issue

The annexed Schedule 1 is incoporated in this form.

5 - Restrictions, if any, on share transfers

None.

6 - Minimum and maximum number of directors *(for a fixed number of directors, please indicate the same number in both boxes)*

Minimum number 5 **Maximum number** 20

7 - Restrictions, if any, on the business the corporation may carry on

There are no restrictions.

8 - Other provisions, if any

The annexed Schedule 2 is incorporated in this form.

9 - Declaration

I hereby certify that I am a director or authorized officer of the corporation and that these restated articles of incorporation correctly set out, without substantive change, the corresponding provisions of the articles of incorporation as amended and supersede the original articles of incorporation.

Signature: 

Print name: Scott Cedergren Assistant Corporate Secretary *Telephone number:* (403 319-6171

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding $5000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).

Canada

SCHEDULE 1 TO RESTATED ARTICLES OF INCORPORATION
OF
CANADIAN PACIFIC RAILWAY LIMITED/CHEMIN DE FER CANADIEN PACIFIQUE LIMITÉE

The Corporation is authorized to issue an unlimited number of Common Shares, an unlimited number of First Preferred Shares and an unlimited number of Second Preferred Shares.

(1) The rights, privileges, restrictions and conditions attaching to the Common Shares are as follows:

(a) **Payment of Dividends:** The holders of the Common Shares will be entitled to receive dividends if, as and when declared by the board of directors of the Corporation (the "board") out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable in such manner as the board may from time to time determine. Subject to the rights of the holders of any other class of shares of the Corporation entitled to receive dividends in priority to or rateably with the holders of the Common Shares, the board may in its sole discretion declare dividends on the Common Shares to the exclusion of any other class of shares of the Corporation.

(b) **Participation upon Liquidation, Dissolution or Winding Up:** In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares will, subject to the rights of the holders of any other class of shares of the Corporation entitled to receive the assets of the Corporation upon such a distribution in priority to or rateably with the holders of the Common Shares, be entitled to participate rateably in any distribution of the assets of the Corporation.

(c) **Voting Rights:** The holders of the Common Shares will be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Corporation and to 1 vote in respect of each Common Share held at all such meetings, except at separate meetings of or on separate votes by the holders of another class or series of shares of the Corporation.

(2) The rights, privileges, restrictions and conditions attaching to the First Preferred Shares are as follows:

(a) **Authority to Issue in One or More Series:** The First Preferred Shares may at any time or from time to time be issued in 1 or more series. Subject to the following provisions, the board may by resolution fix from time to time before the issue thereof the number of shares in, and determine the designation, rights,

privileges, restrictions and conditions attaching to the shares of, each series of First Preferred Shares.

(b) **Voting Rights:** The holders of the First Preferred Shares will not be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation and will not be entitled to vote at any such meeting, except as may be required by law.

(c) **Limitation on Issue:** The board may not issue any First Preferred Shares if by so doing the aggregate amount payable to holders of First Preferred Shares as a return of capital in the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs would exceed $500,000,000.

(d) **Ranking of First Preferred Shares:** The First Preferred Shares will be entitled to priority over the Second Preferred Shares and the Common Shares of the Corporation and over any other shares ranking junior to the First Preferred Shares with respect to the payment of dividends and the distribution of assets of the Corporation in the event of any liquidation, dissolution or winding up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

(e) **Dividends Preferential:** Except with the consent in writing of the holders of all the First Preferred Shares outstanding, no dividend can be declared and paid on or set apart for payment on the Second Preferred Shares or the Common Shares or on any other shares ranking junior to the First Preferred Shares unless and until all dividends (if any) up to and including any dividend payable for the last completed period for which such dividend is payable on each series of First Preferred Shares outstanding has been declared and paid or set apart for payment.

(3) The rights, privileges, restrictions and conditions attaching to the Second Preferred Shares are as follows:

(a) **Authority to Issue in One or More Series:** The Second Preferred Shares may at any time or from time to time be issued in 1 or more series. Subject to the following provisions, the board may by resolution fix from time to time before the issue thereof the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of, each series of Second Preferred Shares.

(b) **Voting Rights:** The holders of the Second Preferred Shares will not be entitled to receive notice of or to attend any meetings of the shareholders of the Corporation and will not be entitled to vote at any such meeting, except as may be required by law.

(c) **Limitation on Issue:** The board may not issue any Second Preferred Shares if by so doing the aggregate amount payable to holders of Second Preferred Shares as a return of capital in the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs would exceed $500,000,000.

(d) **Ranking of Second Preferred Shares:** The Second Preferred Shares will be entitled to priority over the Common Shares of the Corporation and over any other shares ranking junior to the Second Preferred Shares with respect to the payment of dividends and the distribution of assets of the Corporation in the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up of its affairs.

(e) **Dividends Preferential:** Except with the consent in writing of the holders of all the Second Preferred Shares outstanding, no dividend can be declared and paid on or set apart for payment on the Common Shares or on any other shares ranking junior to the Second Preferred Shares unless and until all dividends (if any) up to and including any dividend payable for the last completed period for which such dividend is payable on each series of Second Preferred Shares outstanding has been declared and paid or set apart for payment.

SCHEDULE 2 TO RESTATED ARTICLES OF INCORPORATION
OF
CANADIAN PACIFIC RAILWAY LIMITED/CHEMIN DE FER CANADIEN
PACIFIQUE LIMITÉE

1. The actual number of directors within the minimum and maximum number set out in paragraph 6 may be determined from time to time by resolution of the directors. Any vacancy among the directors resulting from an increase in the number of directors as so determined may be filled by resolution of the directors.

2. Meetings of the shareholders of the Corporation may be held at such place within Canada or the United States of America as the directors may from time to time determine, including, but not limited to Chicago, Illinois, Minneapolis, Minnesota, Saint Paul, Minnesota and New York, New York.

Exhibit 3.2

May 22, 2009

CANADIAN PACIFIC RAILWAY LIMITED

By-LAW NO. 1

AS AMENDED

CANADIAN PACIFIC RAILWAY LIMITED

BY-LAW NO. 1

A by-law regulating generally the transaction of the business and affairs of Canadian Pacific Railway Limited.

SECTION ONE

INTERPRETATION

1.01 Definitions

In this by-law, which may be cited as the General By-law, unless the context otherwise requires:

"Act" means the *Canada Business Corporations Act*, and any statute that may be substituted therefor, as from time to time amended:

"Articles" means the articles of the Corporation as defined in the Act;

"Board" means the Board of Directors of the Corporation;

"Corporation" means Canadian Pacific Railway Limited;

"meeting of shareholders" means any meeting of shareholders including an annual meeting;

"non-business day" means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Canada);

"recorded address" means in the case of a shareholder the address as recorded in the securities register; and in the case of joint shareholders the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are two or more; and in the case of a director, officer or auditor, the latest address as recorded in the records of the Corporation.

1.02 Construction

Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein; words importing the singular include the plural and vice versa; words importing the masculine gender include the feminine

and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated organizations.

SECTION TWO

MEETINGS OF SHAREHOLDERS

2.01 Meetings of Shareholders

The annual meeting of shareholders shall be held in each year on a date to be determined by the Board. The Board, the Chairman or the President may call a meeting of shareholders, other than an annual meeting of shareholders, at any time. If the directors or shareholders of the Corporation call a meeting of shareholders pursuant to the Act, the directors or shareholders, as the case may be, may determine that the meeting shall be held, in accordance with the Act, entirely by means of telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

2.02 Chairman, Secretary and Scrutineers

The chairman of any meeting of shareholders shall be the Chairman or, in the absence of such officer, the President or, in the absence of such officer, any director who is present and willing to act as chairman of the meeting. If no such person is present within fifteen minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to act as chairman. The secretary of any meeting of shareholders shall be the Secretary of the Corporation. If the Secretary is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. The chairman may appoint one or more persons who need not be shareholders to act as scrutineers at the meeting.

2.03 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors, the President, the auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the Articles or the General By-law to be present. Any other person may be admitted with the consent of the meeting or of the chairman of the meeting.

2.04 Quorum

Except as otherwise provided in the Articles, a quorum for the transaction of business at any meeting of shareholders shall be at least two

persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder for or representative of such a shareholder and together holding or representing in the aggregate not less than 25% of the outstanding shares of the Corporation entitled to be voted at the meeting.

SECTION THREE

DIRECTORS

3.01 Number of Directors

Subject to the Articles, the number of directors of the Corporation may be fixed from time to time by resolution of the Board.

3.02 Qualification of Directors

No person shall be elected or appointed a director if the person is disqualified from being a director under the Act. A director ceases to hold office when the director ceases to be qualified as a director under the Act or Articles.

3.03 Quorum

A majority of the directors shall form a quorum of the Board.

3.04 Meeting Following Annual Meeting

The Board shall meet without notice as soon as practicable after each annual meeting of shareholders to transact such business as may come before the meeting and to appoint by election from among their number the Chairman, who also may be appointed to other offices. The Board also may but need not appoint a President who need not be a director of the Corporation.

3.05 Other Meetings of the Board

Meetings of the Board shall be held from time to time at a time and place determined by the Board, the Chairman, the President, or any two directors.

3.06 Notice of Meeting

Subject to any resolution of the Board, notice of the time and place of each meeting of the Board requiring notice shall be given to each director not less than 24 hours before the time at which the meeting is to be held.

3.07 Chairman

The chairman of any meeting of the Board shall be the Chairman or, in the absence of such officer, the President or, in the absence of such officer, any director who is present and willing to act as chairman of the meeting.

3.08 Votes to Govern

At all meetings of the Board, every question shall be decided by a majority of the votes cast. The chairman of any meeting may vote as a director.

3.09 Remuneration

No director who is a salaried officer of the Corporation shall be entitled to any remuneration for the performance of duties as a director. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact of being a director or officer of the Corporation shall not disentitle such director or officer of such firm or body corporate, as the case may be, from receiving proper remuneration for such services.

SECTION FOUR

THE TRANSACTION OF BUSINESS

4.01 Execution of Instruments

All instruments and documents of whatsoever kind may be signed on behalf of the Corporation by two persons, one of whom is the Chairman, the President, a Vice-President or a director of the Corporation and the other of whom is the Secretary, the Treasurer, an Assistant Secretary or an Assistant Treasurer. The Board may from time to time determine the manner in which and the person or persons by whom any particular instrument or document or class of instruments or documents may or shall be signed, including the use of facsimile reproduction of any or all signatures and the use of the corporate seal or a facsimile reproduction thereof.

4.02 Cheques

All cheques upon the bank or banks where the funds of the Corporation are kept shall be drawn payable to the order of the party entitled to

the payment to be made, which cheques, notwithstanding section 4.01, shall be signed by the Treasurer, or by an Assistant Treasurer, or by such other person as may be appointed by the Board, and countersigned by the President, or by a Vice-President, or by some other person authorized by the Board so to do. The Board may from time to time authorize the signing and countersigning of cheques by means of the facsimile signature of any of the persons authorized to sign or countersign cheques.

SECTION FIVE

DIVIDENDS

5.01 Dividends

The Board may from time to time declare dividends payable to shareholders according to their respective rights.

5.02 Dividend Payment

A dividend payable in money may be paid by cheque drawn on the Corporation's bankers, or one of them, to the order of each registered holder of shares of a class or series in respect of which the dividend has been declared, and mailed by prepaid ordinary mail to such registered holder at the holder's recorded address. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and mailed to them at their recorded address. The Corporation may pay a dividend by cheque to a registered holder or to joint holders other than in the manner herein set out, if the registered holder or joint holders so request. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

5.03 Idem

The Corporation may, when directed by a registered holder of a share in respect of which a dividend in money has been declared, pay the dividend in the manner so directed.

5.04 Non-receipt or Loss of Dividend Cheques

In the event of non-receipt or loss of any dividend cheque by the person to whom it is sent, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity,

reimbursement of expenses and evidence of non-receipt or loss and of entitlement as the Board, the Vice-President in charge of finance or the Treasurer may from time to time prescribe, whether generally or in a particular case.

SECTION SIX

BORROWING AND RELATED POWERS

6.01 Borrowing and Related Powers

The Board may, without authorization of the shareholders,

(a) borrow money upon the credit of the Corporation;

(b) issue, reissue, sell or pledge debt obligations of the Corporation;

(c) subject to the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and

(d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

The Board may, by resolution, delegate the powers referred to in this section to a director, a committee of directors or an officer.

SECTION SEVEN

PROTECTION OF DIRECTORS AND OFFICERS

7.01 Limitation of Liability

No director or officer shall be liable for the acts, receipts, neglects or defaults of any other director, officer, employee or agent, or for joining in any receipt or act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by, for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be placed out or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities or effects shall be lodged or deposited, or for any loss, conversion,

misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation, or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of the director's or officer's respective office or trust or in relation thereto unless the same shall happen by or through the director's or officer's failure to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

7.02 Indemnity

The Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and the heirs and legal representatives thereof, to the extent permitted by the Act or otherwise by law.

SECTION EIGHT

NOTICES

8.01 Method of Giving Notices

Any notice, communication or document to be given, sent, delivered or served pursuant to the Act, the regulations thereunder, the Articles, the General By-law or otherwise, to a shareholder, director, officer or auditor shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to the person's recorded address or if mailed to the person at the person's recorded address by prepaid ordinary or air mail or if sent to the person at the person's recorded address by any means of prepaid transmitted or recorded communication, including facsimile, or other electronic means. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch.

8.02 Omissions and Errors

The accidental omission to give any notice to any shareholder, director, officer or auditor or the non-receipt of any notice by any such person or

any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting to which the notice related.

8.03 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, becomes entitled to any share shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom such person derives such person's title to such share prior to such person's name and address being entered on the securities register.

8.04 Waiver of Notice

A shareholder, proxyholder, director, officer or auditor may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act, the regulations thereunder, the Articles, the General By-law or otherwise and such waiver or abridgment, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default or defect in the giving or in the time of such notice, as the case may be. Any such waiver or abridgment shall be in writing except a waiver of notice of a meeting of shareholders or of the Board or of a committee of the Board which may be given in any manner.

SECTION NINE

EFFECTIVE DATE AND REPEAL

9.01 Effective Date

The General By-law is effective as of July 30, 2001.

9.02 Repeal

All previous by-laws of the Corporation are repealed on the coming into force of the General By-law.

9.03 Effect of Repeal

All persons appointed or elected under any by-law repealed on the coming into force of the General By-law shall continue to act until ceasing to hold office or until re-appointed or re-elected and all resolutions of the shareholders or the Board having continuing effect and passed under any repealed by-law or

otherwise shall continue to be operative until amended or repealed except to the extent that they are inconsistent with the General By-law.

MADE the 30th day of July, 2001.

WITNESS the corporate seal of the Corporation.

(signed M. Grandin)
President

(signed G. Feigel)
Secretary

Exhibit 3.3

March 13, 2015

CANADIAN PACIFIC RAILWAY LIMITED

BY-LAW NO.2

CANADIAN PACIFIC RAILWAY LIMITED

BY-LAW NO.2

A by-law relating to certain procedural requirements for the election of directors of Canadian Pacific Railway Limited.

1.01 Definitions

In this By-law, which may be cited as By-law No. 2, unless the context otherwise requires:

"Act" means the *Canada Business Corporations Act,* and any statute that may be substituted therefor, as from time to time amended;

"Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada;

"Articles" means the articles of Corporation as defined in the Act;

"Board" means the Board of Directors of the Corporation;

"Corporation" means Canadian Pacific Railway Limited; and

"public announcement" means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

2.01 Nomination Procedures

Subject only to the Act and the Articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called is the election of directors:

(a) by or at the direction of the Board, including pursuant to a notice of meeting;

(b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or

(c) by any person (a **"Nominating Shareholder"):** (A) who, at the close of business on the date of the giving of the notice provided for below in this By-law and on the record date for notice of such meeting of shareholders, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this By-law.

3.01 Timely Notice

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation at the principal executive offices of the Corporation in accordance with section 5.01 below.

4.01 Manner of Timely Notice

To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be made:

(a) in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement (the **"Notice Date")** of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and

(b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes as well), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

5.01 Proper Form of Timely Notice

To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must set forth:

(a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person for the last five years; (C) the status of such person as a "resident Canadian" as defined in the Act; (D) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of

the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (E) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and

(b) as to the Nominating Shareholder giving the notice, any information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.

6.01 Notice to be Updated

All information to be provided in a timely notice pursuant to section 5.01 above shall be provided as of the date of such notice. If requested by the Corporation, the Nominating Shareholder shall update such information forthwith so that it is true and correct in all material respects as of the record date for the meeting of shareholders.

7.01 Eligibility for Nomination as a Director

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this By-law; provided, however, that nothing in this By-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

8.01 Delivery of Notice

Notwithstanding any other provision of this By-law, notice given to the Secretary of the Corporation pursuant to this By-law may only be given by personal delivery, facsimile transmission or by email (to the Secretary of the Corporation), and shall be deemed to have been given and made only at the time it is served by personal delivery, email or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

9.01 **Board Discretion**

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this By-law.

10.01 **Effective Date**

Subject to its confirmation by the shareholders in accordance with the Act, this By-law is effective as of March 13, 2015.

MADE this 13th day of March, 2015.

WITNESS the corporate seal of the Corporation.

/s/ Chairman of the Board	/s/ Corporate Secretary
Chairman of the Board	Corporate Secretary

Exhibit 3.4

May 22, 2009

CANADIAN PACIFIC RAILWAY COMPANY

GENERAL BY-LAW

AS AMENDED

CANADIAN PACIFIC RAILWAY COMPANY

GENERAL BY-LAW

A by-law regulating generally the transaction of the business and affairs of Canadian Pacific Railway Company.

SECTION ONE

INTERPRETATION

1.01 Definitions

In this by-law, which may be cited as the General By-law, unless the context otherwise requires:

"Act" means the *Canada Business Corporations Act*, and any statute that may be substituted therefor, as from time to time amended:

"Articles" means the articles of the Corporation as defined in the Act;

"Board" means the Board of Directors of the Corporation;

"Corporation" means Canadian Pacific Railway Company;

"meeting of shareholders" means any meeting of shareholders including an annual meeting;

"non-business day" means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Canada);

"recorded address" means in the case of a shareholder the address as recorded in the securities register; and in the case of joint shareholders the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are two or more; and in the case of a director, officer or auditor, the latest address as recorded in the records of the Corporation.

1.02 Construction

Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein; and words importing the singular include the plural and vice versa; words importing the masculine gender include the feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated organizations.

SECTION TWO

MEETINGS OF SHAREHOLDERS

2.01 Meetings of Shareholders

The annual meeting of shareholders shall be held in each year on a date to be determined by the Board of Directors. The Board or the Chairman of the Board may call a meeting of shareholders, other than an annual meeting of shareholders, at any time. If the directors or shareholders of the Corporation call a meeting of shareholders pursuant to the Act, the directors or shareholders, as the case may be, may determine that the meeting shall be held, in accordance with the Act, entirely by means of telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

2.02 Chairman, Secretary and Scrutineers

The chairman of any meeting of shareholders shall be the Chairman of the Board or, in the absence of such officer, the Chairman of the Corporation or, in the absence of such officer, the President or, in the absence of such officer, any director who is present and willing to act as chairman of the meeting. If no such person is present within fifteen minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to act as chairman. The secretary of any meeting of shareholders shall be the Secretary of the Corporation. If the Secretary is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. The chairman may appoint one or more persons who need not be shareholders to act as scrutineers at the meeting.

2.03 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors, the Chairman of the Corporation, the President, the auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the Articles or the General By-law to be present. Any other person may be admitted with the consent of the meeting or of the chairman of the meeting.

2.04 Quorum

Except as otherwise provided in the Articles, a quorum for the transaction of business at any meeting of shareholders shall be at least two persons present in person, each being a shareholder entitled to vote thereat or a

duly appointed proxyholder for or representative of such a shareholder and together holding or representing in the aggregate not less than 25% of the outstanding shares of the Corporation entitled to be voted at the meeting.

SECTION THREE

DIRECTORS

3.01 Number of Directors

Subject to the Articles, the number of directors of the Corporation may be fixed from time to time by resolution of the Board.

3.02 Qualification of Directors

No person shall be elected or appointed a director if the person is disqualified from being a director under the Act. A director ceases to hold office when the director ceases to be qualified under the Act or Articles.

3.03 Quorum

A majority of the directors shall form a quorum of the Board.

3.04 Meeting Following Annual Meeting

The Board shall meet without notice as soon as practicable after each annual meeting of shareholders to transact such business as may come before the meeting and to appoint by election from among their number: the Chairman, who also may be appointed to other offices. The Board also may but need not appoint a President, who need not be a director of the Corporation.

3.05 Other Meetings of the Board

Meetings of the Board shall be held from time to time at a time and place determined by the Board, the Chairman of the Board, the Chairman of the Corporation, the President, or any two directors.

3.06 Notice of Meeting

Subject to any resolution of the Board, notice of the time and place of each meeting of the Board requiring notice shall be given to each director not less than twenty-four hours before the time at which the meeting is to be held.

3.07 Chairman

The chairman of any meeting of the Board shall be the Chairman of the Board or, in the absence of such officer, any director who is present and willing to act as chairman of the meeting.

3.08 Votes to Govern

At all meetings of the Board, every question shall be decided by a majority of the votes cast. The chairman of any meeting may vote as a director.

3.09 Remuneration

No director who is a salaried officer of the Corporation shall be entitled to any remuneration for the performance of duties as a director. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact of being a director or officer of the Corporation shall not disentitle such director or officer of such firm or body corporate, as the case may be, from receiving proper remuneration for such services.

SECTION FOUR

THE TRANSACTION OF BUSINESS

4.01 Execution of Instruments

All instruments and documents of whatsoever kind may be signed on behalf of the Corporation by two persons, one of whom is the Chairman, the President, a Vice-President or a director of the Corporation and the other of whom is the Secretary, the Treasurer, an Assistant Secretary or an Assistant Treasurer. The Board may from time to time determine the manner in which and the person or persons by whom any particular instrument or document or class of instruments or documents may or shall be signed, including the use of facsimile reproduction of any or all signatures and the use of the corporate seal or a facsimile reproduction thereof.

4.02 Cheques

All cheques upon the bank or banks where the funds of the Corporation are kept shall be drawn payable to the order of the party entitled to the payment to be made, which cheques, notwithstanding section 4.01, shall be

signed by the Treasurer, or by an Assistant Treasurer, or by such other person as may be appointed by the Board, and countersigned by the Chairman of the Corporation, or by the President, or by a Vice-President, or by some other person authorized by the Board so to do. The Board may from time to time authorize the signing and countersigning of cheques by means of the facsimile signature of any of the persons authorized to sign or countersign cheques.

SECTION FIVE

DIVIDENDS

5.01 Dividends

The Board may from time to time declare dividends payable to shareholders according to their respective rights.

5.02 Dividend Payment

A dividend payable in money may be paid by cheque drawn on the Corporation's bankers, or one of them, to the order of each registered holder of shares of a class or series in respect of which the dividend has been declared, and mailed by prepaid ordinary mail to such registered holder at the holder's recorded address. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and mailed to them at their recorded address. The Corporation may pay a dividend by cheque to a registered holder or to joint holders other than in the manner herein set out, if the registered holder or joint holders so request. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

5.03 Idem

The Corporation may, when directed by a registered holder of a share in respect of which a dividend in money has been declared, pay the dividend in the manner so directed.

5.04 Non-receipt or Loss of Dividend Cheques

In the event of non-receipt or loss of any dividend cheque by the person to whom it is sent, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity,

reimbursement of expenses and evidence of non-receipt or loss and of entitlement as the Board, the Vice-President in charge of finance or the Treasurer may from time to time prescribe, whether generally or in a particular case.

SECTION SIX

BORROWING AND RELATED POWERS

6.01 Borrowing and Related Powers

The Board may, without authorization of the shareholders,

(a) borrow money upon the credit of the Corporation;

(b) issue, reissue, sell or pledge debt obligations of the Corporation;

(c) subject to the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and

(d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

The Board may, by resolution, delegate the powers referred to in this section to a director, a committee of directors or an officer.

SECTION SEVEN

PROTECTION OF DIRECTORS AND OFFICERS

7.01 Limitation of Liability

No director or officer shall be liable for the acts, receipts, neglects or defaults of any other director, officer, employee or agent, or for joining in any receipt or act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by, for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be placed out or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities or effects shall be lodged or deposited, or for any loss, conversion,

misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation, or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of the director's or officer's respective office or trust or in relation thereto unless the same shall happen by or through the director's or officer's failure to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

7.02 Indemnity

The Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and the heirs and legal representatives thereof, to the extent permitted by the Act or otherwise by law.

SECTION EIGHT

NOTICES

8.01 Method of Giving Notices

Any notice, communication or document to be given, sent, delivered or served pursuant to the Act, the regulations thereunder, the Articles, the General By-law or otherwise, to a shareholder, director, officer or auditor shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to the person's recorded address or if mailed to the person at the person's recorded address by prepaid ordinary or air mail or if sent to the person at the person's recorded address by any means of prepaid transmitted or recorded communication, including facsimile, or other electronic means that produce a written copy. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch.

8.02 Omissions and Errors

The accidental omission to give any notice to any shareholder, director, officer or auditor or the non-receipt of any notice by any such person or

any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting to which the notice related.

8.03 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, becomes entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom such person derives such person's title to such share prior to such person's name and address being entered on the securities register.

8.04 Waiver of Notice

A shareholder, proxyholder, director, officer or auditor may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act, the regulations thereunder, the Articles, the General By-law or otherwise and such waiver or abridgment, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default of defect in the giving or in the time of such notice, as the case may be. Any such waiver or abridgment shall be in writing except a waiver of notice of a meeting of shareholders or of the Board or of a committee of the Board which may be given in any manner.

SECTION NINE

REPEAL

9.01 Repeal

All previous by-laws of the Corporation (other than By-law numbered 47 relating to the Consolidated Debenture Stock, the provisions of which shall continue to apply, mutatis mutandis so as to conform to the Act) are repealed on the coming into force of the General By-law.

9.02 Effect of Repeal

All persons appointed or elected under any by-law repealed on the coming into force of the General By-law shall continue to act until ceasing to hold office or until re-appointed or re-elected and all resolutions of the shareholders or the Board having continuing effect and passed under any repealed by-law or otherwise shall continue to be operative until amended or repealed except to the extent that they are inconsistent with the General By-law.

MADE this 22nd day of May, 2009.

WITNESS the corporate seal of the Corporation.

/s/ Chairman of the Board	/s/ Corporate Secretary
Chairman of the Board	Corporate Secretary

CANADIAN PACIFIC RAILWAY COMPANY

US$450,000,000 5.950% Notes due 2037

OFFICERS' CERTIFICATE PURSUANT TO SECTION 1.02 OF THE INDENTURE

Reference is made to Section 1.02 of the Indenture (the "Indenture"), dated as of May 8, 2007 among Canadian Pacific Railway Company, a corporation amalgamated under the laws of Canada (the "Company") and The Bank of New York, as trustee (the 'Trustee"), as supplemented by a first supplemental indenture dated May 8, 2007.

The undersigned, Frederic J. Green, President and Chief Executive Officer and Michael R. Lambert, Vice-President and Chief Financial Officer of the Company hereby certify for and on behalf of the Company that, with respect to the issuance of the Company's 5.950% Notes due 2037 (the "Securities") established pursuant to (i) the resolutions of the Board of Directors of the Company adopted on December 12, 2006 and April 22, 2007, and (ii) a Company Authentication and Delivery Order dated the date hereof (collectively, the "Enabling Documents"):

1. The undersigned have read the prov1s10ns of the Indenture setting forth the conditions precedent (the "Conditions Precedent") to the issuance, authentication and delivery of the Securities, and the definitions in the Indenture relating thereto.

2. The undersigned have examined the Enabling Documents relating to the authorization, execution, authentication, issuance and delivery of the Securities, certificates of the Company and certain agreements and other instruments and documents deemed necessary as a basis for the opinions and statements hereinafter expressed.

3. In the opinion of the undersigned, such examination is sufficient to enable the undersigned to express an informed opinion as to the matters set forth in paragraph (4) below.

4. The Company has complied with the Conditions Precedent in accordance with the terms of the Indenture.

IN WITNESS WHEREOF, each of the undersigned has executed this Certificate as of this 8th day of May, 2007.

CANADIAN PACIFIC RAILWAY COMPANY

By: /s/ Frederic J. Green
Name: Frederic J. Green
Title: President and Chief Executive Officer

By: /s/ Michael R. Lambert
Name: Michael R. Lambert
Title: Executive Vice-President and Chief Financial Officer

CANADIAN PACIFIC RAILWAY COMPANY

And

THE BANK OF NEW YORK
Trustee

Indenture

made as of May 8, 2007

Providing for the issue of
Debt Securities
in unlimited principal amount

TABLE OF CONTENTS

CANADIAN PACIFIC RAILWAY COMPANY

Reconciliation and tie between Trust Indenture Act of 1939, as amended and Indenture, dated as of May 8, 2007

Trust Indenture Act	Indenture Section
§310(a)(1)	6.09
(a)(2)	6.09
(b)	6.08, 6.10
(c)	Not Applicable
§311(a)	Not Applicable
(b)	Not Applicable
(c)	Not Applicable
§312(a)	Not Applicable
(b)(1)	Not Applicable
(c)	15.01
§313(a)	15.02
(b)	15.02
(c)	15.02
(d)	15.02
§314(a)	15.03, 9.02
(a)(4)	9.02
(b)	Not Applicable
(c)(1)	1.02
(c)(2)	1.02
(d)	Not Applicable
(e)	1.02
(f)	Not Applicable
§315(a)	6.01(a)
(b)	6.14
(c)	6.01(b)
(d)	6.01(c)
(d)(1)	6.01(a), 6.01(c)
(d)(2)	6.01(c)
(d)(3)	6.01(c)
(e)	5.15
§316(a)(1)(A)	5.13
(a)(1)(B)	5.03, 5.14
(a)(2)	Not Applicable
(b)	5.09
(c)	1.04(f)
§317(a)(1)	5.04
(a)(2)	5.05
(b)	9.05
§318(a)	1.12

THIS INDENTURE is made as of May 8, 2007 between Canadian Pacific Railway Company, a corporation governed by the laws of Canada, and having its registered office at the City of Calgary in the Province of Alberta, Canada (the "Corporation"), and The Bank of New York, a New York banking corporation, as trustee (the "Trustee").

WHEREAS the Corporation has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its debentures, notes or other evidences of indebtedness (collectively, the "Securities"), to be issued in one or more series as in this Indenture provided;

WHEREAS this Indenture is subject to the provisions of the Trust Indenture Act of 1939, as amended, that are required to be part of this Indenture and shall, to the extent applicable, be governed by such provisions; and

WHEREAS all things necessary to make this Indenture a valid and legally binding agreement in accordance with its terms have been done;

NOW THEREFORE THIS INDENTURE WITNESSES THAT:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of the respective Holders from time to time of the Securities and of the Coupons, if any, appertaining thereto, as follows:

ARTICLE ONE
DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

Section 1.01 **Definitions** .

For all purposes of this Indenture and in the Securities, except as otherwise expressly provided or unless the subject matter or context otherwise requires:

"**accelerated indebtedness**" has the meaning specified in Section 5.01.

"**Act**", when used with respect to any Holder, has the meaning specified in Section 1.04;

"**Additional Amounts**" has the meaning specified in Section 9.08.

"**Affiliate**" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing;

"**Authenticating Agent**" means, with respect to the Securities of any series, any Person authorized by the Trustee to act on behalf of the Trustee to authenticate the Securities of such series;

"**Authorized Agent**" has the meaning specified in Section 1.18;

"**Authorized Newspaper**" means a newspaper (which, in the case of Canada, will, if practicable, be either *The Globe & Mail* or the *National Post*, in the case of The City of New York, will, if practicable, be *The Wall Street Journal* (Eastern Edition), in the case of the United Kingdom, will, if practicable, be *The Financial Times* (London Edition) and, in the case of Luxembourg, will, if practicable, be *The Luxembourg Wort),* printed in an official language of the country of publication, customarily published at least once a day for at least five days in each calendar week and of general circulation in Canada, The City of New York, the United Kingdom or Luxembourg, as applicable. If it shall be impractical, in the opinion of the Trustee, to make any publication of any notice required hereby in an Authorized Newspaper, any publication or other notice in lieu thereof which is made or given with the approval of the Trustee shall constitute a sufficient publication of such notice;

"**Borrowed Money**" means Indebtedness in respect of moneys borrowed (including interest and other charges in respect thereof) and moneys raised by the issue of notes, bonds, debentures or other evidences of moneys borrowed;

"**Business Day**", when used with respect to any Place of Payment and subject to Section 1.14, means a day other than a Saturday or a Sunday and other than a day on

which banking institutions in such Place of Payment are authorized or obligated by law or regulation to close;

"**Canadian Taxes**" has the meaning specified in Section 9.08;

"**Capital Lease Obligation**" means the obligation of a Person, as lessee, to pay rent or other amounts to the lessor under a lease of real or personal property which is required to be classified and accounted for as a capital lease on a consolidated balance sheet of such Person in accordance with GAAP;

"**Commission**" means the U.S. Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time;

"**Component Currency**" has the meaning specified in Section 3.11;

"**Consolidated Net Tangible Assets**" means the total amount of assets determined on a consolidated basis after deducting therefrom:

(i) all current liabilities (excluding any Indebtedness classified as a current liability and any current liabilities which are by their terms extendible or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed);

(ii) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles; and

(iii) appropriate adjustments on account of minority interests of other Persons holding stock of the Corporation's Subsidiaries,

all as set forth on the most recent balance sheet of the Corporation and its consolidated Subsidiaries and computed in accordance with GAAP;

"**Conversion Date**" has the meaning specified in Section 3.11(b);

"**Conversion Event**" means the cessation of use of (i) a Foreign Currency (other than the Euro or other currency unit) both by the government of the country which issued such Currency and by a central bank or other public institution of or within the international banking community for the settlement of transactions, (ii) the Euro or (iii) any currency unit (or composite currency) other than the Euro for the purposes for which it was established;

"**Corporate Trust Office**" means the office of the Trustee at which its corporate trust business, at any particular time, shall be principally administered, which office at the date hereof is located at 101 Barclay Street, Floor 4-E, New York, New York 10286;

"Corporation" means Canadian Pacific Railway Company until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Corporation" shall mean such successor Person;

"Corporation Order" or **"Corporation Request"** means a written order or request of the Corporation, signed by any two of its Officers holding office at the time of signing, delivered to the Trustee;

"Corporation's Auditors" means an independent firm of chartered accountants duly appointed as auditors of the Corporation;

"Counsel" means any barrister or solicitor or attorney or firm of barristers or solicitors or attorneys who may be counsel for, or (except in the case of an Opinion of Counsel delivered pursuant to Section 10.08 and Section 12.04 or as otherwise provided) an employee of, the Corporation;

"Coupon" means any interest coupon appertaining to a Security;

"covenant defeasance" has the meaning specified in Section 12.03;

"Currency" means any currency or currencies, composite currency or currency unit or currency units, including, without limitation, the Euro, issued by the government of one or more countries or by any recognized confederation or association of such governments;

"Defaulted Interest" has the meaning specified in Section 3.07;

"defeasance" has the meaning specified in Section 12.02;

"**Depository**" means, with respect to the Securities of any series issuable or issued in the form of one or more Registered Global Securities, the Person designated as Depository by the Corporation pursuant to Section 3.01 until a successor Depository shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Depository" shall mean each Person who is then a Depository hereunder; and if at any time there is more than one such Person, "Depository" as used with respect to the Securities of any such series shall mean each Depository with respect to the Registered Global Securities of such series;

"Director" means a director of the Corporation for the time being, and reference without more to action by the Directors means action by the Directors as a board or, whenever duly empowered, by the executive committee of the board;

"Directors' Resolution" means a resolution, a copy of which is certified by the Secretary or an Assistant Secretary of the Corporation to have been duly adopted or consented to by the Directors and to be in full force and effect on the date of such certification, delivered to the Trustee;

"**Dollars**" and "**$**" means lawful money of Canada and "U.S. Dollars" and "U.S. $" means lawful money of the United States of America;

"**Dollar Equivalent of the Currency Unit**" has the meaning specified in Section 3.11(g);

"**Dollar Equivalent of the Foreign Currency**" has the meaning specified in Section 3.11(f);

"**Election Date**" has the meaning specified in Section 3.11(h);

"**Euro**" means the single Currency of the participating member states from time to time of the European Union described in legislation of the European Counsel for the Operation of a single unified European currency (whether known as the Euro or otherwise);

"**Event of Default**" has the meaning specified in Section 5.01;

"**Exchange Rate Agent**" means, with respect to Securities of or within any series, unless otherwise specified with respect to any Securities pursuant to Section 3.01, a New York Clearing House bank, designated pursuant to Section 3.01 or Section 3.12;

"**Exchange Rate Officer's Certificate**" means a tested telex or a certificate setting forth (i) the applicable Market Exchange Rate and (ii) the Dollar or Foreign Currency amounts of principal (and premium, if any) and interest, if any (on an aggregate basis and on the basis of a Security having the lowest denomination principal amount determined in accordance with Section 3.02 in the relevant Currency), payable with respect to a Security of any series on the basis of such Market Exchange Rate, sent (in the case of a telex) or signed (in the case of a certificate) by the Treasurer, any Vice President or any Assistant Treasurer of the Corporation;

"**Excluded Holder**" has the meaning specified in Section 9.08;

"**Foreign Currency**" means a Currency issued by the government of a country other than the United States;

"**GAAP**" means generally accepted accounting principles which are in effect from time to time in Canada or, if the Corporation hereafter detem1ines to prepare its consolidated financial statements in accordance with generally accepted accounting principles which are in effect from time to time in the United States, such principles;

"**Government Obligations**" means securities which are (i) direct obligations of the government which issued the currency in which the Securities of a particular series are denominated for the payment of which its full faith and credit is pledged or (ii) obligations of a Person the payment of which is unconditionally guaranteed as a full faith and credit obligation by such government, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the *Securities Act of 1933* (United States of America), as amended) as custodian with respect to any such Government

Obligation or a specific payment of principal of or interest on any such Government Obligation held by such custodian for the account of the holder of such depository receipt, provided that (except as provided by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of such Government Obligation or the specific payment of principal of or interest on such Government Obligation evidenced by such depository receipt;

"**Holder**" means (i) in the case of any Registered Security, the Person in whose name such Registered Security is registered in the Security Register and (ii) in the case of any Unregistered Security, the bearer of such Unregistered Security, or any Coupon appertaining thereto, as the case may be;

"**Indebtedness**" means and includes all items of indebtedness which, in accordance with GAAP, would be included in determining total liabilities as shown on the liability side of a balance sheet as at the date as of which Indebtedness is to be determined, but in any event including, without limitation, (1) obligations in respect of indebtedness for Borrowed Money secured by any Security Interest existing on property owned subject to such Security Interest, whether or not the obligations secured thereby shall have been assumed, and (2) guarantees and other contingent obligations in respect of, or any obligations to purchase or otherwise acquire or service, indebtedness of any other Person;

"**Indenture**" means this instrument as originally executed and delivered or, if amended or supplemented as herein provided, as so amended or supplemented or both, and shall include the forms and terms of particular series of Securities established as contemplated by Section 3.01; provided, however, that, if at any time more than one Person is acting as . Trustee under this instrument, "Indenture" shall mean, with respect to any one or more series of Securities for which such Person is Trustee, this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of particular series of Securities for which such Person is Trustee established as contemplated by Section 3.01, exclusive, however, of any provisions or terms which relate solely to other series of Securities for which such Person is not Trustee, regardless of when such terms or provisions were adopted, and exclusive of any provisions or terms adopted by means of one or more indentures supplemental hereto executed and delivered after such Person had become such Trustee but to which such Person, as such Trustee, was not a party;

"**Interest Payment Date",** when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security;

"**Judgment Conversion Date**" has the meaning specified in Section 1.17;

"**Judgment Currency**" has the meaning specified in Section 1.17;

"**mandatory sinking fund payment**" has the meaning specified in Section 11.01;

"**Market Exchange Rate**" means, unless otherwise specified with respect to any Securities pursuant to Section 3.01, (i) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.01 for the Securities of the relevant Series, (ii) for any conversion of Dollars into any Foreign Currency, the noon (New York City time) buying rate for such Foreign Currency for cable transfers quoted in New York City as certified for customs purposes by the Federal Reserve Bank of New York and (iii) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in either New York City, Toronto, London or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Securities pursuant to Section 3.01, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (i), (ii) and (iii), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such quotation of the Federal Reserve Bank of New York as of the most recent available date, or quotations from one or more major banks in New York City, Toronto, London or another principal market for the Currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, ifthere is more than one market for dealing in any Currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such Currency shall be that upon which a non-resident issuer of securities designated in such Currency would purchase such Currency in order to make payments in respect of such securities.

"**Maturity**", when used with respect to any Security, means the date on which the principal of such Security or an installment of such principal becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof, by declaration of acceleration, call for redemption or otherwise;

"**Officer**", when used with respect to the Corporation, means the Chainnan of the Board, the President, any Vice President, any Treasurer, any Assistant Treasurer, the Controller, any Assistant Controller, the Secretary or any Assistant Secretary of the Corporation;

"**Officers' Certificate**" means a certificate of the Corporation, signed by any two Officers in their capacities as officers of the Corporation at the time of signing and not in their personal capacities, delivered to the Trustee;

"**Opinion of Counsel**" means a written opinion of Counsel;

"**optional sinking fund payment**" has the meaning specified in Section 11.01;

"**Original Issue Discount Security**" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 5.02;

"Outstanding", when used with respect to Securities, means, as of any particular time, all such Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Corporation) in trust or set aside and segregated in trust by the Corporation (if the Corporation shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Securities which have been paid pursuant to Section 3.06 or have been mutilated, lost, stolen or destroyed and in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture; and

(iv) Securities which have been defeased pursuant to Article Twelve;

provided, however, that in determining whether the Holders of the requisite principal amount of the Securities of any or all series then Outstanding have voted or have signed or given any request, demand, authorization, direction, notice, consent, requisition, waiver or other instrument or have taken any action or constitute a quorum at any meeting of Holders hereunder, (a) the principal amount of an Original Issue Discount Security which shall be deemed to be Outstanding for such purposes shall be the portion of the principal amount thereof that could be declared to be due and payable upon the occurrence of an Event of Default and the continuation thereof pursuant to the tenns of such Original Issue Discount Security as of such time and (b) Securities owned by the Corporation, or any other obligor upon the Securities, or any Subsidiary or any Affiliate of the Corporation or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, requisition, waiver or other instrument or action or on the Holders present or represented at any meeting of Holders, only Securities which the Responsible Officer of the Trustee knows to be so owned shall be so disregarded;

"Parent" means Canadian Pacific Railway Limited;

"Paying Agent" means any Person authorized by the Corporation to pay the principal of (and premium, if any) or interest on any Securities on behalf of the Corporation;

"Periodic Offering" means an offering of Securities of any series from time to time, the specific terms of which Securities, including, without limitation, the rate or rates of interest, if any, thereon, the Stated Maturity or Stated Maturities thereof and the

redemption provisions, if any, with respect thereto are to be determined by the Corporation or its agents upon the issuance of such Securities;

"Permitted Encumbrances" means any of the following:

(i) any Security Interest existing as of the date of the first issuance by us of the Securities issued pursuant to the Indenture, or arising thereafter pursuant to contractual commitments entered into prior to such issuance including without limitation, any outstanding Perpetual 4% Consolidated Debenture Stock of the Corporation, whether issued, pledged or vested in trust;

(ii) any Security Interest in favor of the Corporation or any of its wholly-owned Subsidiaries;

(iii) any Security Interest existing on the property of any Person at the time such Person becomes a Subsidiary, or arising thereafter pursuant to contractual commitments entered into prior to and not in contemplation of such Person becoming a Subsidiary;

(iv) any Security Interest on property of a Person which Security Interest exists at the time such Person is merged into, or amalgamated or consolidated with, the Corporation or a Subsidiary, or such property is otherwise acquired by the Corporation or a Subsidiary, provided that such Security Interest does not extend to property owned by the Corporation or such Subsidiary immediately prior to such merger, amalgamation, consolidation or acquisition;

(v) any Security Interest already existing on property acquired (including by way of lease) by the Corporation or any of its Subsidiaries at the time of such acquisition;

(vi) any Security Interest securing any Indebtedness incurred in the ordinary course of business and for the purpose of carrying on the same, repayable on demand or maturing within 12 months of the date when such Indebtedness is incurred or the date of any renewal or extension thereof;

(vii) any Security Interest in respect of (a) liens for taxes and assessments not at the time overdue or any liens securing workmen's compensation assessments, unemployment insurance or other social security obligations; provided, however, that if any such liens, duties or assessments are then overdue, the Corporation or the Subsidiary, as the case may be, shall be prosecuting an appeal or proceedings for review with respect to which it shall be entitled to or shall have secured a stay in the enforcement of any such obligations, (b) any lien for specified taxes and assessments which are overdue but the validity of which is being contested at the time by the Corporation or the Subsidiary, as the case may be, in good faith, (c) any

liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease, (d) any obligations or duties, affecting the property of the Corporation or that of a Subsidiary to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising from the fact that such structures or facilities are constructed or installed on lands held by the Corporation or the Subsidiary under government permits, leases, licenses or other grants, (e) any deposits or liens in connection with contracts, bids, tenders or expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, public and statutory obligations and liens or claims incidental to current construction or operations including but not limited to, builders', mechanics', laborers', materialmen's, warehousemen's, carrier's and other similar liens, (f) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit to terminate any such lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition to the continuance thereof (g) any Security Interest the validity of which is being contested at the time by the Corporation or a Subsidiary in good faith or payment of which has been provided for by creation of a reserve in an amount in cash sufficient to pay the same in full, (h) any easements, rights-of-way and servitudes (including, without in any way limiting the generality of the foregoing, easements, rights-of-way and servitudes for railways, sewers, dykes, drains, gas and water mains or electric light and power or telephone conduits, poles, wires and cables) and minor defects, or irregularities of title that, in the opinion of the Corporation, will not in the aggregate materially and adversely impair the use or value of the land concerned for the purpose for which it is held by the Corporation or the Subsidiary, as the case may be, (i) any security to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the operations of the Corporation or the Subsidiary, as the case may be, (j) any liens and privileges arising out of judgments or awards with respect to which the Corporation or the Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall be entitled to or shall have secured a stay of execution pending such appeal or proceedings for review and (k) reservations, limitations, provisos and conditions, if any expressed in or affecting any grant of real or immoveable property or any interest therein;

(viii) any Security Interest in respect of any Purchase Money Obligation;

(ix) any extension, renewal, alteration or replacement (or successive extensions, renewals, alterations or replacements) in whole or in part, of any Security Interest referred to in the foregoing clauses (i) through (viii)

inclusive, provided that the principal amount of the Indebtedness secured thereby on the date of such extension, renewal, alteration or replacement is not increased and the Security Interest is limited to the property or other assets which secured the Security Interest so extended, renewed, altered or replaced (plus improvements on such property or other assets or the proceeds thereof); and

(x) any Security Interest that would otherwise be prohibited (including any extensions, renewals, alterations or replacements thereof) provided that the aggregate Indebtedness outstanding and secured under this clause (x) does not (calculated at the time of the granting of the Security Interest) exceed an amount equal to 10% of Consolidated Net Tangible Assets.

"Person" means any individual, corporation, limited liability company, partnership; association, joint-stock company; trust, unincorporated organization or government or any agency or political subdivision thereof;

"Place of Payment", when used with respect to the Securities of any series, means the place or places where the principal of (and premium, if any) and interest on the Securities of such series are payable as determined by or pursuant to this Indenture;

"Purchase Money Obligation" means any monetary obligation (including a Capital Lease Obligation) created, assumed or incurred prior to, at the time of, or within 180 days after the acquisition (including by way of lease), construction or improvement of any real or tangible personal property, for the purpose of financing all or any part of the purchase price or lease payments in respect thereof, provided that the principal amount of such obligation may not exceed the unpaid portion of the purchase price or lease payments, as applicable, and further provided that any security given in respect of such obligation shall not extend to any property other than the property acquired in connection with which such obligation was created or assumed and fixed improvements, if any, thereto or erected or constructed thereon and the proceeds thereof;

"Railroad Subsidiary" means a Subsidiary whose principal assets are Railway Properties;

"Railway Properties" means all main and branch lines of railway located in Canada or the United States, including all real property used as the right of way for such lines;

"Redemption Date" when used with respect to any Security to- be redeemed, means the date specified for such redemption in accordance with or pursuant to this Indenture;

"Redemption Price", when used with respect to any Security to be redeemed, means the price at which such Security is to be redeemed in accordance with or pursuant to this Indenture;

"Registered Global Security" means a Security that evidences all or part of any series of Securities, is issued to the Depository for such series, or its nominee, in accordance with Section 3.02 and bears the legend prescribed in Section 3.02;

"Registered Security" means any Security registered on the Security Register;

"Regular Record Date", for the interest payable on any Interest Payment Date on the Registered Securities of any series, means the date specified for such purpose in accordance with or pursuant to this Indenture;

"Repayment Date" means, when used with respect to any Security to be repaid at the option of the Holder, the date fixed for such repayment pursuant to this Indenture;

"Required Currency" has the meaning specified in Section 1.17;

"Responsible Officer", when used with respect to the Trustee, means any vice president, any assistant treasurer, any senior trust officer, any trust officer, any assistant trust officer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture;

"Securities" has the meaning stated in the first recital of this instrument and more particularly means any Securities authenticated and delivered under this Indenture; provided, however, that if at any time there is more than one Person acting as Trustee under this Indenture, "Securities" with respect to the Indenture as to which such Person is Trustee shall have the meaning stated in the first recital of this Indenture and shall more particularly mean Securities authenticated and delivered under this Indenture, exclusive; however, of Securities of any series as to which such Person is not Trustee;

"Security Interest" means any security by way of an assignment, mortgage, charge, pledge, lien, encumbrance, title retention agreement or other security interest whatsoever, howsoever created or arising, whether absolute or contingent, fixed or floating, perfected or not, but not including any security interest in respect of a lease which is not a Capital Lease Obligation or any encumbrance that may be deemed to arise solely as a result of entering into an agreement not in violation of the terms of the Indenture to sell or otherwise transfer assets or property;

"Security Register" and **"Security Registrar"** have the respective meanings specified in Section 3.05;

"Shareholders' Equity" means, with respect to any Person, at any date, the aggregate of the Dollar amount of the outstanding share capital, the amount, without duplication, of any surplus, whether contributed or capital, and retained earnings, subject to any currency translation adjustment, all as set forth in such Person's most recent annual consolidated balance sheet;

"**Significant Subsidiary**" means a Subsidiary that constitutes a "significant subsidiary" as defined in Rule 1-02 of Regulation S-X under the U.S. Securities Exchange Act of 1934, as amended;

"**sinking fund payment date**" has the meaning specified in Section 11.01;

"**Special Record Date**", for the payment of any Defaulted Interest, means a date fixed by the Trustee pursuant to Section 3.07;

"**Specified Amount**" has the meaning specified in Section 3.11;

"**Stated Maturity**", when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security and any Coupon appertaining thereto as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable;

"**Subsidiary**" means any corporation or other Person of which there are owned, directly or indirectly, by or for the Corporation or by or for any corporation or other Person in like relation to the Corporation, Voting Shares or other interests which, in the aggregate, entitle the holders thereof to cast more than 50% of the votes which may be cast by the holders of all outstanding Voting Shares of such first mentioned corporation or other Person for the election of its directors or, in the case of any Person which is not a corporation, Persons having similar powers or (if there are no such persons) entitle the holders thereof to more than 50% of the income or capital interests (however called) thereon and includes any corporation in like relation to a Subsidiary;

"**Trust Indenture Act**" means the Trust Indenture Act of 1939, as amended, as in force at the date as of which this Indenture was executed, except as provided in Section 8.06;

"**Trustee**" means The Bank of New York until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder; and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to the Securities of such series;

"**United States**" means the United States of America (including the states and the District of Columbia), its territories, possessions and other areas subject to its jurisdiction;

"**Unregistered Security**" means any Security other than a Registered Security;

"**Valuation Date**" has the meaning specified in Section 3.11(c);

"**Vice President**", when used with respect to the Corporation or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president";

"**Voting Shares**" means shares of capital stock of any class of a corporation and other interests of any other Persons having under all circumstances the right to vote for the

election of the directors of such corporation or in the case of any Person which is not a corporation, Persons having similar powers or (if there are no such persons) income or capital interests (however called), provided that, for the purpose of this definition, shares or other interests which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Shares whether or not such event shall have happened;

"Yield to Maturity" means the yield to maturity on a series of Securities, calculated at the time of issuance of such series, or, if applicable, at the most recent redetern1ination of interest on such series, in accordance with accepted financial practice;

All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP;

The words "hereto", "herein", "hereof ', "hereby" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision and references to Articles and Sections are to Articles and Sections of this Indenture; and

Words importing the singular number only include the plural and *vice versa,* words importing any gender include any other gender and any reference to any statute or other legislation shall be deemed to be a reference to such legislation as now enacted or as the same may from time to time be .amended, re-enacted or replaced.

Section 1.02 Compliance Certificates and Opinions

Upon any application or request by the Corporation to the Trustee to take any action under any provision of this Indenture, the Corporation shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such Counsel all such conditions precedent, if any, have been complied with, except that in the case of any application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each individual signing such certificate or opinion has read and understands such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination and investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such individual, he or she has made such examination or investigation as he or she believes necessary to enable him or her to make the statement or express the opinion contained in such certificate or opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with in accordance with the terms of the Indenture.

Section 1.03 Form of Documents Delivered to Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it shall not be necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons with respect to other matters, and any such Person may certify or give an opinion with respect to such matters in one or several documents.

Any certificate or opinion of an Officer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, Counsel, unless such Officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the legal matters upon which his or her certificate or opinion is based are erroneous. Any such certificate or opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an Officer or Officers stating that the information with respect to such factual matters is in the possession of the Corporation, unless such Counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such factual matters are erroneous.

Any certificate or opinion of an Officer or Opinion of Counsel may be based, insofar as it relates to any accounting matters, upon a certificate or opinion of, or representations by, the Corporation's Auditors or an accountant or another firm of accountants engaged by the Corporation, unless such Officer or Counsel, as the case may be, knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such accounting matters are erroneous. Any certificate or opinion of any independent firm of chartered accountants filed with and directed to the Trustee shall contain a statement that such firm is independent.

Section 1.04 Acts of Holders

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action required or permitted by this Indenture to be given or taken by a specified percentage in aggregate principal amount of the Holders of one or more series then Outstanding may be embodied in and evidenced: (i) by one or more instruments of substantially similar tenor signed by such specified percentage of Holders in person or by

agent duly appointed in writing, and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, if hereby expressly required, to the Corporation; (ii) by the record of such specified percentage of Holders voting in favor thereof at any meeting of such Holders duly called and held; and (iii) by a combination of such instrument or instruments and any such record of a meeting. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments or voting at such meeting. Proof of the execution of any such instrument or of a writing appointing any such agent and of the holding by any Person of any of the Securities of any series shall be sufficient for any purpose of this Indenture and, subject to Section 6.01, conclusive in favor of the Trustee and the Corporation, if made in the manner set forth in this Section.

(b) The fact and date of the execution by any such Person of any instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction authorized to take acknowledgments of deeds or administer oaths that the Person executing such instrument or writing acknowledged to him or her the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer. Where such execution is by or on behalf of any legal entity other than an individual, such certificate or affidavit shall also constitute sufficient proof of the authority of the Person executing the same.

(c) The ownership of an Unregistered Security of any series, or of any Coupon attached thereto at its issuance, and the identifying number of such Security and the date of such ownership, may be proved by the production of such Security or Coupon or by a certificate executed by any trust company, bank, banker or recognized securities dealer, wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory. Each such certificate shall be dated and shall state that on the date thereof a Security of such series bearing a specified identifying number was deposited with such trust company, bank, banker or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Unregistered Securities of one or more series specified therein. The ownership by the Person named in any such certificate of any Unregistered Security specified therein shall be presumed to continue unless at the time of any determination of such ownership and holding (i) another certificate bearing a later date issued in respect of such Security shall be produced, (ii) such Security shall be produced by some other Person, (iii) such Unregistered Security shall have been exchanged for a Registered Security or (iv) such Security shall have ceased to be Outstanding.

(d) Subject to Section 6.01, the fact and date of the execution of any such instrument or writing and the ownership, principal amount and number(s) of any Unregistered Securities may also be proved in accordance with such reasonable rules and regulations as may be prescribed by the Trustee for any series or in any other manner which the Trustee may deem sufficient.

(e) In the case of Registered Securities, the ownership thereof shall be proved by the Security Register.

(f) The Corporation may fix a record date for the purpose of determining the identity of the Holders entitled to participate in any Act required or permitted under this Indenture, which record date shall be not earlier than 30 days prior to the first solicitation of the written instruments or vote required for such Act. If such a record date is fixed; the Persons who were the Holders of the Securities of the affected series at the close of business on such record date (or their duly authorized proxies) shall be the only Persons entitled to execute written instruments or to vote with respect to such Act, or to revoke any written instrument or vote previously delivered or given, whether or not such Persons shall continue to be Holders of the Securities of such series after such record date. With regard to any ac6on that may be given or taken hereunder only by Holders of a requisite principal amount of Outstanding Securities of any series (or their duly appointed agents) and for which a record date is set pursuant to this paragraph, the Corporation may, at its option, set an expiration date after which no such action purported to be given or taken by any Holder shall be effecti ve hereunder unless given or taken on or prior to such expiration date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date (or their duly appointed agents). On or prior to any expiration date set pursuant to this paragraph, the Corporation may, on one or more occasions at its option, extend such date to any later date. Nothing in this paragraph shall prevent any Holder (or any duly appointed agent thereof) from giving or taking, after any expiration date, any action identical to, or, at any time, contrary to or different from, any action given or taken, or purported to have been given or taken, hereunder by a Holder on or prior to such date, in which event the Corporation may set a record date in respect thereof pursuant to this paragraph. Notwithstanding the foregoing, the Corporation shall not set a record date for, and the provisions of this paragraph shall not apply with respect to, any action to be given or taken by Holders pursuant to Section 5.01 or 5.02.

(g) At any time prior to (but not after) the evidencing to the Trustee, as provided in paragraph (a) of this Section, of any Act by the Holders of the requisite percentage of the aggregate principal amount of the Securities of one or more series, as the case may be, any Holder of a Security, the serial number of which is shown by the evidence to be included among the serial numbers of the Securities the Holders of which have consented to such Act, may, by filing written notice at the Corporate Trust Office and upon proof of ownership as required or pem1itted by this Section, revoke any written instrument or vote with respect to such Act in respect of such Security. Except as provided in the preceding sentence, any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Corporation in reliance thereon, whether or not notation of such action is made upon such Security.

(h) Without limiting the foregoing, a Holder entitled hereunder to give or take any action hereunder with regard to any particular Security may do so with regard to all

or any part of the principal amount of such Security or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any different part of such principal amount.

Section 1.05 Notices, Etc., to Trustee

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document required or permitted by this Indenture to be made upon, given or furnished to, or filed with, the Trustee by any Holder or by the Corporation shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee (i) by delivery to the Trustee at the Corporate Trust Office, Attention: Corporate Trust Administration, (ii) by facsimile (with confirmation) to fax number (212) 815-5366 or (iii) by mail by registered letter, postage prepaid, to the Trustee at the Corporate Trust Office Attention: Corporate Trust Administration and, subject as provided in this Section 1.05, shall be deemed to have been given when received. In the case of disruption in postal services any notice shall be seht by facsimile or delivered. The Trustee may from time to time notify the Corporation of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Trustee for all purposes of this Indenture.

Section 1.06 Notices, Etc., to Corporation

Any request, demand, authorization, direction, notice, consent, waiver, or Act of Holders or other document required or permitted by this Indenture to be made upon, given or furnished to, or filed with the Corporation under the provisions hereof by the Trustee or by any Holder shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Corporation (i) by delivery to Suite 500, 401 9th Avenue, S.W., Calgary, Alberta T2P 4Z4, Attention: Vice President, Legal Services and Corporate Secretary, (ii) by facsimile (with confirmation) to fax number (403) 319-7473 or (iii) by mail by registered letter, postage prepaid, addressed to the Corporation at Suite 500, 401 9th Avenue, S.W., Calgary, Alberta T2P 4Z4, Attention: Vice President, Legal Services and Corporate Secretary and, subject as provided in this Section 1.06, shall be deemed to have been given at the time of delivery or sending by facsimile or on the third Business l)ay after mailing. Any delivery made or facsimile sent on a day other than a Business Day, or after 5:00 p.m. (New York time) on a Business Day, shall be deemed to be received on the next following Business Day. In the case of disruption in postal services any notice, if mailed, shall not be deemed to have been given until it is actually delivered to the Corporation. The Corporation may from time to time notify the Trustee of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Corporation for all purposes of this Indenture.

Section 1.07 Notice to Holders; Waiver

Where this Indenture or any Security requires or permits notice by the Corporation or by the Trustee to the Holders of any event, such notice shall be sufficient (unless otherwise herein or in such Security expressly provided) if (i) in the case of any

Holders of Registered Securities of any series or any Holders of Unregistered Securities of any series who shall have filed their names and addresses with the Trustee (for purposes of receipt of notice), given or served by being sent by electronic communication or by being deposited in the mail, first-class, postage prepaid, addressed to such Holders at their addresses or electronic communication numbers as they shall appear on the Security Register or at the addresses so filed, respectively, and (ii) in the case of any Holders of other Unregistered Securities, published at least once in an Authorized Newspaper in Canada (if required), in The City of New York (if required), the United Kingdom (if required) and Luxembourg (if required), not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. The Corporation shall notify the Trustee of any required publication of any notices to Holders. In any case where notice to the Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to the other Holders. In case, by reason of the suspension or disruption of or irregularities in regular mail service or by reason of any other cause, it shall be impracticable to give any such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

Where this Indenture or any Security provides for or permits notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1.08 Effect of Headings and Table of Contents

The headings of the Articles and Sections herein and the Table of Contents are for convenience only and shall not affect the construction or interpretation hereof.

Section 1.09 Successors and Assigns

All covenants and agreements in this Indenture by the Corporation shall bind its successors and assigns, whether so expressed or not.

Section 1.10 Separability Clause

In case any provision in this Indenture or in the Securities or Coupons shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions thereof shall not in any way be affected or impaired by such invalidity, illegality or unenforceability.

Section 1.11 Benefits of Indenture

Nothing in this Indenture, in the Securities or in the Coupons, express or implied, shall give or be construed to give to any Person, other than the parties hereto and their

successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1.12 Governing Law

This Indenture and each Security and Coupon shall be governed by and construed in accordance with the laws of the State of New York and the federal laws of the United States of America applicable thereto and shall be treated in all respects as New York contracts, except as may be otherwise required by mandatory provisions of law.

Section 1.13 Language Clause

Les parties aux presentes ont exige que la presente convention ainsi que tous Jes documents et avis qui s'y rattachent et/ou qui en decouleront soient rediges en langue anglaise. The parties hereto have required that this Indenture and all documents and notices related thereto be in English.

Section 1.14 Legal Holidays

In any case where any Interest Payment Date, Redemption Date, Sinking Fund Payment Date or Stated Maturity or Maturity or Coupon shall not be a Business Day in a Place of Payment then (notwithstanding any other provision of this Indenture, of the Securities or of the Coupons) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as though made on the Interest Payment Date, the Redemption Date, at the Stated Maturity, the Sinking Fund Payment Date or at Maturity, and no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date, Sinking Fund Payment Date or Stated Maturity of any Security or Maturity of any Security, as the case may be. Except as otherwise provided in the preceding sentence, whenever any period -of time would begin or end, any calculation is to be made, or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, such period of time shall begin or end, such calculation shall be made or such other action shall be taken on the next succeeding Business Day and an extension of time shall be included for the-purposes of computation of interest thereon. Any payment made after 5:00 p.m. (New York time) on a Business Day shall be deemed to be made on the next following Business Day.

Section 1.15 Counterparts

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original; but all such counterparts shall together constitute but one and the same instrument.

Section 1.16 Securities in a Foreign Currency or in Euros

Unless otherwise specified in or pursuant to a Directors' Resolution, a supplemental indenture or an Officers' Certificate delivered pursuant to Section 3.01 with respect to a particular series of Securities, whenever for purposes of this Indenture any action may be taken by the Holders of a specified percentage in aggregate principal amount of the Securities of one or more series at the time Outstanding and, at such time, there are Outstanding Securities of any such affected series which are denominated in a Foreign Currency, then the principal amount of the Securities of such series which shall be deemed to be Outstanding for the purpose of taking such action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable record date established pursuant to Section 1.04 or, if no such record date shall have been established, on the date that the taking of such action shall be authorized by Act of the Holders of the Securities of all such affected series. The provisions of this paragraph shall also apply in connection with any other action taken by the Holders pursuant to the terms of this Indenture, including without limitation any action under Section 5.02.

All decisions and determinations of the Corporation regarding the Market Exchange Rate or any alternative determination provided for in the preceding paragraph shall be in its sole discretion and shall, in the absence of manifest error, be conclusive to the extent permitted by law for all purposes and irrevocably binding upon the Corporation and all Holders.

Section 1.17 Judgment Currency

(a) The Corporation agrees, to the fullest extent that it may effectively do so under applicable law, that if for the purpose of obtaining or enforcing judgment against the Corporation in any court it is or becomes necessary to convert the sum due in respect of the principal of (and premium; if any) or interest on the Securities of any series (the "Required Currency") into a currency in which a judgment will be rendered (the "Judgment Currency"), the conversion shall be made at the rate of exchange at which, in accordance with normal banking procedures, the Corporation could purchase in Calgary, Alberta, Canada the Required Currency with the Judgment Currency on the Business Day immediately preceding:

(i) the date of actual payment of the amount due, in the case of any proceeding in the courts of the Province of Alberta or in the courts of any other jurisdiction that will give effect to such conversion being made *on* such date; or

(ii) the date on which the final unappealable judgment is given, in the case of any proceeding in the courts of any other jurisdiction

(the date as of which such conversion is made pursuant to this clause being hereinafter in this Section 1.17 referred to as the "Judgment Conversion Date").

(b) If, in the case of any proceeding in the court of any jurisdiction referred to in clause (ii) of Section 1.17(a), there is a change in the rate of exchange prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the Corporation shall pay such additional amount (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of Dollars which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date.

(c) The Corporation also agrees, to the fullest extent that it may effectively do so under applicable law, that its obligations under this Indenture and the Securities of such series to make payments in the Required Currency (i) shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment, in any currency other than the Required Currency, except to the extent that such tender or recovery shall result in the effective receipt by the payee of the full amount of the Required Currency expressed to be payable in respect of such payments, (ii) shall be enforceable as an alternative or additional cause of action for the purpose of recovering in the Required Currency the amount, if any, by which such effective receipt shall fall short of the full amount of the Required Currency so expressed to be payable and (iii) shall not be affected by judgment being obtained for any other sums due under this Indenture.

(d) The term "rate of exchange" in this Section 1.17 means the noon rate of exchange for the Judgment Currency in Dollars quoted by the Bank of Canada for the day in question.

(e) In the event of the winding-up of the Corporation at any time while any amount or damages owing under the Securities and this Indenture, or any judgment or order rendered in respect thereof, shall remain outstanding, the Corporation shall indemnify and hold the Holders and the Trustee harmless against any deficiency arising or resulting from any variation in rates of exchange between (I) the date as of which the equivalent of the amount in the Required Currency due or contingently due under the Securities and this Indenture (other than under this Subsection (e)) is calculated for the purposes of such winding-up and (2) the final date for the filing of proofs of claim in such winding-up. For the purpose of this Subsection (e) the final date for the filing of proofs of claim in the winding-up of the Corporation shall be the date fixed by the liquidator or otherwise in accordance with the relevant provisions of applicable law as being the latest practicable date as at which liabilities of the Corporation may be ascertained for such winding-up prior to payment by the liquidator or otherwise in respect thereto.

Section 1.18 Agent for Process; Submission to Jurisdiction

By its execution and delivery of this Indenture, the Corporation irrevocably designates and appoints CT Corporation System, 111 8th Avenue, 13th Floor, New York, New York 10011, U.S.A. as the Corporation's authorized agent (the "Authorized Agent") upon whom process may be served in any action, suit or proceeding arising out of or

relating to this Indenture, the Securities and/or the Coupons but for that purpose only, and agrees that service of process upon said CT Corporation System, and written notice of such service to the Corporation in the manner provided in Section 1.06, shall be deemed in every respect effective service of process upon the Corporation in any such action, suit or proceeding in any federal or state court in the Borough of Manhattan, The City of New York. The Corporation hereby irrevocably submits to the non-exclusive jurisdiction of any such court in respect of any such legal action or proceeding and waives any objection it may have to the laying of the venue of any such legal action or proceeding. Such designation shall be irrevocable until all amounts in respect of the principal of and interest due and to become due on or in respect of all the Securities issued under this Indenture have been paid by the Corporation pursuant to the terms hereof and the Securities. Notwithstanding the foregoing, the Corporation reserves the right to appoint another Person located or with an office iri the Borough of Manhattan, The City of New York, selected in its discretion, as a successor Authorized Agent, and upon acceptance of such consent to service of process by such a successor the designation of the prior Authorized Agent shall terminate. The Corporation shall give notice to the Trustee and all Holders of the designation by them of a successor Authorized Agent. If for any reason the Authorized Agent ceases to be able to act as the Authorized Agent or to have an address in the Borough of Manhattan, The City of New York, the Corporation will designate a successor authorized agent in accordance with the preceding sentence. The Corporation further agrees to take any and all action, including the execution and filing of any and all such documents and instruments, as may be necessary to continue the designation and appointment of said CT Corporation System, or of any successor Authorized Agent of the Corporation, in full force and effect so long as any of the Securities or Coupons shall be outstanding.

Section 1.19 Shareholder, Officers and Directors Exempt from Individual Liability

No recourse under or upon any obligation, covenant or agreement contained in this Indenture, or in any Security or Coupon, or because of any indebtedness evidenced thereby, shall be had against any past, present or future shareholder, officer or director, as such, of the Corporation or of any successor, either directly or through the Corporation or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of the Securities and the Coupons appertaining thereto by the Holders thereof and as part of the consideration for the issue of the Securities and the Coupons appertaining thereto.

Section 1.20 Force Majeure

In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities,

communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

ARTICLE TWO
SECURITY FORMS

Section 2.01 Forms Generally

The Securities of each series and the Coupons, if any, to be attached thereto shall be substantially in such form, not inconsistent with this Indenture, as shall be established by or pursuant to one or more Directors' Resolutions (as set forth in either a Directors' Resolution or, to the extent established pursuant to, rather than set forth in, a Directors' Resolution, an Officers' Certificate detailing such establishment) or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such letters, numbers or other marks of identification and such legends or endorsements, not inconsistent with this Indenture, as may be required to comply with any law or any rules or regulations pursuant thereto; or with any rules of any securities exchange, or to conform to general usage, all as may be determined by the Officers executing such Securities and Coupons, if any, as evidenced by their execution of such Securities and Coupons.

The definitive Securities and the Coupons, if any, to be attached thereto shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the Officers executing such Securities and Coupons, if any, as evidenced by their execution of such Securities and Coupons.

Section 2.02 Form of Trustee's Certificate of Authentication

Subject to Section 6.13, the Trustee's certificate of authentication on all Securities shall be in substantially the following form:

"This is one of the Securities of a series referred to in the within-mentioned Indenture.

The Bank of New York,
as Trustee

Dated:_____ By:_____
Authorized Signatory"

If at any time there shall be an Authenticating Agent appointed with respect to any series of the Securities, the Securities of each such series shall bear, in addition to the form of the Trustee's certificate of authentication, an alternate certificate of authentication which shall be in substantially the following form:

"This is one of the Securities of a series referred to in the within-mentioned Indenture.

The Bank of New York.
as Trustee

Dated: _____ By:_____
as Authenticating Agent

By:_____
Authorized Signatory"

ARTICLE THREE
THE SECURITIES

Section 3.01 Amount Unlimited; Issuable in Series

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series, and, except as otherwise provided herein, each such series shall rank at least *pari passu* with all other unsecured and unsubordinated debt of the Corporation from time to time outstanding *and pari passu* with other Securities issued under this Indenture. There shall be established in or pursuant to one or more Directors' Resolutions (and to the extent established pursuant to, rather than set forth in, a Directors' Resolution, in an Officers' Certificate detailing such establishment) or in one or more indentures supplemental hereto, prior to the original issuance of the Securities of any series:

(1) the designation of the Securities of such series (which shall distinguish the Securities of such series from the Securities of all other series);

(2) any limit upon the aggregate principal amount of the Securities of such series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of such series pursuant to Section 3.04, 3.05, 3.06, 8.05 or 10.07 and except for any Securities which, pursuant to Section 3.02, are deemed never to have been authenticated and delivered hereunder);

(3) if other than U.S. Dollars, the coin or currency in which the Securities of such series are denominated (including, but not limited to, any Foreign Currency);

(4) the extent and manner, if any, to which payment on or in respect of Securities of that series will be senior or will be subordinated to the prior payment of other liabilities and obligations of the Corporation;

(5) the date or dates of issue of the Securities of such series and the date or dates on which the principal of the Securities of such series shall be payable and/or the method by which such date or dates shall be determined;

(6) the rate or rates at which the Securities of such series shall bear interest, if any, the date or dates from which such interest shall accrue, the Interest Payment Dates on which such interest shall be payable and, in the case of Registered Securities, the Regular Record Date for the interest payable on any Interest Payment Date and/or the method by which such rate or rates or date or dates shall be determined;

(7) any place or places other than the Corporate Trust Office where the principal of (and premium, if any) and interest on the Securities of such series shall be payable;

(8) the period or periods within which, the price or prices at which and the terms and conditions upon which the Securities of such series may be redeemed, in whole or in part, at the option of the Corporation, pursuant to any sinking fund or otherwise and/or the method by which such period or periods, price or prices and terms and conditions shall be determined;

(9) the right or obligation, if any, of the Corporation, to redeem, purchase or repay the Securities of such series pursuant to any voluntary or mandatory redemption, sinking fund or analogous provision and the period or periods within which, the price or prices at which and the terms and conditions upon which the Securities of such series shall be so redeemed, purchased or repaid and/or the method by which such period or periods, price or prices and terms and conditions shall be determined;

(10) if other than denominations of U.S. $1,000 and any integral multiple thereof in the case of Registered Securities or the Unregistered Securities, the denominations in which the Securities of such series shall be issuable or the method by which such denominations shall be detem1ined;

(11) if other than the principal amount thereof, the portion of the principal amount of the Securities of such series which shall be payable upon declaration of acceleration of the Maturity thereof or the method by which such portion shall be determined;

(12) if the principal of (and premium, if any) or interest on the Securities of such series are to be payable, at the election of the Corporation or a Holder thereof, in a coin or currency other than that in which the Securities of such series are denominated, the period or periods within which, and the terms and conditions upon which, such election may be made and/or the method by which such period or periods and terms and conditions shall be determined;

(13) if the amount of payments of the principal of (and premium, if any) and interest on the Securities of such series may be determined with reference to an index, the manner in which such amounts shall be determined;

(14) whether the Securities of such series will be issuable as Registered Securities (and if so, whether such Registered Securities will be issuable as Registered Global Securities) or Unregistered Securities (with or without Coupons), or any combination of the foregoing, any restrictions applicable to the offer, sale or delivery of Unregistered Securities or the payment of interest thereon and, if other than as provided in Section 3.05, the terms upon which Unregistered Securities of such series may be exchanged for Registered Securities of such series and vice versa;

(15) whether, under what circumstances and the Currency in which the Corporation will pay Additional Amounts as contemplated by Section 9.08 on the Securities of the series to any Holder (including any modification to the definition of such term) in respect of any tax, assessment or governmental charge and, if so, whether the

Corporation will have the option to redeem such Securities rather than pay such Additional Amounts (and the terms of any such option);

(16) if the Securities of the series are to be convertible into or exchangeable for any securities of any Person (including the Corporation), the terms and conditions upon which such Securities will be so convertible or exchangeable;

(17) the designation of the initial Exchange Rate Agent, if any;

(18) whether the Securities of such series will be issuable in the form of one or more Registered Global Securities, and the identification of the Depository for such Registered Global Securities;

(19) if the Securities of such series are to be issuable in definitive form (whether upon original issuance or upon exchange of a temporary Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, the form and terms of such certificates, documents or conditions;

(20) any trustees, Depositories, authenticating or paying agents, transfer agents, registrars or other agents with respect to the Securities of such series;

(21) any additional events of default or covenants with respect to the Securities of such series or any Events of Default or covenants herein specified which shall not be applicable to the Securities of such series;

(22) the Person to whom any interest on a Security of any series shall be payable, if other than the Person in whose name that Security is registered at the close of business on the Regular Record Date for such interest; and

(23) any other terms of such series.

All Securities of any one series and the Coupons, if any, appertaining thereto shall be substantially identical, except in the case of Registered Securities as to denomination and except as may otherwise be provided by or pursuant to the Directors' Resolution or Officers'-Certificate referred to-above or as may otherwise be set forth in any indenture supplemental hereto referred to above. All Securities of any series need not be issued at the same time and, unless otherwise provided, a series may be reopened for issuances of additional Securities of such series, if so provided by or pursuant to such Directors' Resolution, Officers' Certificate or supplemental indenture.

Section 3.02 Execution, Authentication and Delivery

The Securities shall be executed on behalf of the Corporation by any two of the following Officers: its Chairman of the Board, its President, any of its Vice Presidents, the Secretary, the Treasurer, or any of its Assistant Treasurers. The signature of any Officer on the Securities may be manual or facsimile. Typographical and other minor errors or defects in any such reproduction of such seal or any such signature shall not

affect the validity or enforceability of any Security which has been duly authenticated and delivered by the Trustee. The Coupons, if any, attached to the Securities of any series shall bear the facsimile signature of any Vice President of the Corporation. A facsimile signature upon a Security or a Coupon shall for all purposes of this Indenture be deemed to be the Signature of the person whose signature it purports to be.

In case any such Officer who shall have so executed any of the Securities or Coupons, if any, shall cease to hold such office before the Security or Coupon so executed (or the Security to which the Coupon so executed appertains) shall be authenticated and delivered by the Trustee or disposed of by the Corporation such Security or Coupon nevertheless may be authenticated and delivered or disposed of and shall bind the Corporation as though the Person who signed such Security or Coupon had not ceased to be such Officer; and any Security or Coupon may be so executed on behalf of the Corporation by such Persons as, at the actual date of execution of such Security or Coupon, shall be the proper officers of the Corporation although at the date of the execution and delivery of this Indenture any such Person was not such an officer.

At any time and from time to time after the execution and delivery of this Indenture, the Corporation may deli\ver Securities of any series, having attached thereto the Coupons, if any, appertaining thereto, executed by the Corporation to the Trustee for authentication, together with a Corporation Order for the authentication and delivery of such Securities and the other applicable documents referred to below in this Section, and thereupon the Trustee shall authenticate and deliver such Securities pursuant to such Corporation Order or pursuant to procedures acceptable to the Trustee specified from time to time by a Corporation Order. In authenticating the Securities of any series and accepting the additional responsibilities under this Indenture in respect of the Securities of such series, the Trustee shall be provided with (but, in the case of subparagraphs (b), (c) and (d) below, only at or before the time of the first request of the Corporation to the Trustee to authenticate Securities of such series) and, subject to Section 6.01, shall be fully protected in relying upon, unless and until such documents shall have been superseded or revoked:

(a) a Corporation Order requesting such authentication and setting forth delivery instructions if the Securities of such series and the Coupons, if any, appertaining thereto are not to be delivered to the Corporation provided that, with respect to the Securities of any series which are subject to a Periodic Offering: (i) the Trustee shall authenticate and deliver the Securities of such series for original issue from time to time, in an aggregate principal amount not exceeding the aggregate principal amount established for such series, pursuant to a Corporation Order or pursuant to procedures acceptable to the Trustee specified from time to time by a Corporation Order, (ii) if so provided in or pursuant to the Directors' Resolution or supplemental indenture establishing the Securities of such series, the maturity date, the original issue date, the interest rate and any other terms of any or all of the Securities of such series and the Coupons, if any, appertaining thereto may be determined by a Corporation Order or pursuant to such procedures and (iii) if so provided in such procedures, such Corporation Order may authorize authentication and delivery pursuant to electronic instructions from

the Corporation or its duly authorized agent, which instructions shall be promptly confirmed in writing;

(b) any Directors' Resolution, Officers' Certificate and/or executed supplemental indenture referred to in Section 2.01 or 3.01 by or pursuant to which the form or forms and the terms of the Securities of such series and the Coupons, if any, appertaining thereto were established;

(c) an Officers' Certificate either setting forth the form or forms and the terms of the Securities of such series and the Coupons, if any, appertaining thereto or stating that such form or forms and terms have been established pursuant to Section 2.01 or 3.01 and comply with this Indenture, and covering such other matters as the Trustee may reasonably request, including, without limitation, evidence of compliance pursuant to Section 1.02 and that no Events of Default with respect to any of the Securities shall have occurred and be continuing; and

(d) an Opinion of Counsel, substantially to the effect that:

(i) the form or forms of the Securities of such series and the Coupons, if any, appertaining thereto have been duly authorized and established in conformity with the provisions of this Indenture;

(ii) in the case of an underwritten offering, the terms of the Securities of such series have been duly authorized and established in conformity with the provisions of this Indenture; and in the case of an offering which is not underwritten, certain terms of the Securities of such series have been authorized and established pursuant to a Directors' Resolution, an Officers' Certificate or a supplemental indenture in accordance with the provisions of this Indenture, and when such other terms as are to be established pursuant to a Corporation Order or procedures set forth in a Corporation Order shall have been established, all of the terms of the Securities of such series will have been duly authorized and established in conformity with the provisions of this Indenture;

(iii) when the Securities of such series and the Coupons, if any, appertaining thereto shall have been executed by the Corporation and authenticated by the Trustee in accordance with the provisions of this Indenture and delivered to and duly paid for by the purchasers thereof, such Securities will have been duly issued under this Indenture and will be valid and legally binding obligations of the Corporation enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights generally and to general principles of equity (regardless of whether considered in a proceeding in equity or at law), and will be entitled to the benefits of this Indenture;

(iv) the issuance of such Securities and any Coupons will not contravene the articles of incorporation or by-laws of the Corporation or result in any violation of any of the terms or provisions of any law or regulation or of any indenture, mortgage or other agreement known to such Counsel by which the Corporation is bound; and

(v) no consent, approval, authorization, order, registration or qualification of or with any governmental agency or body having jurisdiction over the Corporation is required for the execution and delivery of the Securities of such series by the Corporation except such as have been obtained, but no opinion need be expressed as to provincial or state securities or Blue Sky laws.

The Trustee shall have the right to decline to authenticate and deliver any Securities of any series under this Section if the Trustee, being advised by Counsel, shall determine that such action may not lawfully be taken or if the Trustee shall in good faith, by any one of its Responsible Officers, determine that such action would expose the Trustee to personal liability to the Holders of the Securities then Outstanding or would affect the Trustee's rights, duties or immunities under the Securities of such series or this Indenture in a manner which is not reasonably acceptable to the Trustee.

If the Corporation shall establish pursuant to Section 3.01 that the Securities of any series are to be issued in the form of one or more Registered Global Securities, then the Corporation shall execute and the Trustee shall, in accordance with this Section and the Corporation Order with respect to such series, authenticate and deliver one or more Registered Global Securities that (i) shall be in an aggregate principal amount equal to the aggregate principal amount specified in such Corporation Order, (ii) shall be registered in the name of the Depository therefor or its nominee, (iii) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instructions and (iv) shall bear a legend substantially to the following effect:

> "Unless and until it is exchanged in whole or in part for Securities in definitive registered form, this Security may not be transferred except as a whole by the Depository to the nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository."

Each Depository designated pursuant to Section 3.01 must, at the time of its designation and at all times while it serves as Depository, be a clearing agency registered under the U.S. Securities Exchange Act of 1934, as amended, and any other applicable statute or regulation. -

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there shall appear on such Security a certificate of authentication substantially in the form and executed as hereinabove provided, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that

such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. No Coupon shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose until the certificate of authentication on the Security to which such Coupon appertains shall have been duly executed as hereinabove provided. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Corporation, and the Corporation shall deliver such Security and any Coupons appertaining thereto to the Trustee for cancellation as provided in Section 3.09, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

Section 3.03 Denomination and Date of Securities

The Securities of each series shall be issuable as Registered Securities or Unregistered Securities in denominations established as provided in Section 3.01 or, with respect to the Registered Securities or the Unregistered Securities of any series if not so established, in denominations of $1,000 and any integral multiple thereof. The Securities of each series shall be numbered, lettered or otherwise distinguished in such manner or in accordance with such plan as the Officers executing the same may determine with the approval of the Trustee, as evidenced by the execution and authentication thereof.

Each Security shall be dated the date of its authentication. The Securities of each series shall bear interest, if any, from the date, and such interest shall be payable on the dates, established in or pursuant to Section 3.01.

Section 3.04 Temporary Securities

Pending the preparation of definitive Securities of any series, the Corporation may execute, and upon Corporation Order the Trustee shall authenticate and deliver, temporary Securities for such series which are printed, lithographed, typewritten or otherwise produced. Temporary Securities of any series shall be issuable as Registered Securities, or as Unregistered Securities with or without Coupons attached thereto, in any authorized denomination and substantially in the forms of the definitive Securities of such series, but with such omissions, insertions and variations as may be appropriate for temporary Securities, all as may be determined by the Corporation with the concurrence of the Trustee, as evidenced by the execution and authentication thereof. Temporary Securities may contain such references to any provisions of this Indenture as may be appropriate. Every temporary Security of any series shall be executed by the Corporation and authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Securities of such series. Without unreasonable delay, the Corporation shall execute and deliver to the Trustee for authentication definitive Securities of such series; and thereupon temporary Registered Securities of such series may be surrendered in exchange for definitive Registered Securities of such series without charge at each office or agency to be maintained for such purpose in a Place of Payment of that series, and temporary Unregistered Securities of such series may be surrendered in exchange for definitive Unregistered Securities of such series, having attached thereto appropriate Coupons, if any, without charge at any

office or agency to be maintained in a Place of Payment of that series. The Trustee shall authenticate and deliver in exchange for temporary Securities of such series so surrendered an equal aggregate principal amount of definitive Securities of such series in authorized denominations. Until so exchanged, the temporary Securities of any series shall be entitled to the same benefits under this Indenture as definitive Securities of such series, unless otherwise established pursuant to Section 3.01. The provisions of this Section are subject to any restrictions or limitations on the issue and delivery of temporary Unregistered Securities of any series that may be established pursuant to Section 3.01 (including any provision that Unregistered Securities of such series initially be issued in the form of a single global Unregistered Security to be delivered to a Depository or agency located outside the United States of America and the procedures pursuant to which definitive Unregistered Securities of such series would be issued in exchange for such temporary global Unregistered Security).

Section 3.05 Registration, Transfer and Exchange

The Corporation shall keep, or cause to be kept, at the Corporate Trust Office, or at any office or agency to be maintained by the Corporation in a Place of Payment, for each series of Securities issuable as Registered Securities a register (the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration of Registered Securities of such series and the registration of transfer of Registered Securities of such series. The Security Register shall be in written form in the English language or in any other form capable of being converted into such form within areasonable time. At all reasonable times, any Security Register not maintained by the Trustee shall be open for inspection by the Trustee. Unless and until otherwise determined by the Corporation pursuant to Section 3.01, the Security Register with respect to each series of Securities issuable as Registered Securities shall be kept at the Corporate Trust Office and, for this purpose, the Trustee shall be designated the "Security Registrar". The holder of any Registered Security shall be entitled to inspect the Security Register at any time during normal business hours of the Trustee at the Corporate Trust Office and to make extracts therefrom.

Upon surrender for registration of transfer of any Registered Security of any series at any office or agency to be maintained for such purpose in a Place of Payment for that series, the Corporation shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees one or more new Registered Securities of the same series of like tenor and terms in authorized denominations for a like aggregate principal amount.

Unregistered Securities (except for any temporary global Unregistered Securities) and Coupons (except for Coupons attached to any temporary global Unregistered Securities) shall be transferable by delivery.

At the option of the Holder thereof, Registered Securities of any series (other than a Registered Global Security, except as set forth below) may be exchanged for one or more Registered Securities of such series of like tenor and terms in authorized denominations for a like aggregate principal amount, upon surrender of any such

Registered· Security to be exchanged at the office or agency to be maintained for such purpose in a Place of Payment for that series and upon payment, if the Corporation shall so require, of the charges hereinafter provided. At the option of the Holder thereof,. if the Securities of any series are issued in both registered and unregistered form, except as otherwise established for a particular series pursuant to Section 3,01, one or more Unregistered Securities of such series may be exchanged for Registered Securities of such series of like tenor and terms in authorized denominations for a like aggregate principal amount, upon surrender of any such Unregistered Security to be exchanged at the office or agency to be maintained for such purpose in a Place of Payment for that series, with, in the case of Unregistered Securities having Coupons attached, all unmatured Coupons and all matured Coupons in default thereto appertaining, and upon payment, if the Corporation shall so require, of the charges hereinafter provided. At the option of the Holder thereof, if Unregistered Securities of any series are issued in more than one authorized denomination, except as otherwise established for a particular series pursuant to Section 3.01, any such Unregistered Security may be exchanged for one or more Unregistered Securities of such series of like tenor and terms in authorized denominations for a like aggregate principal amount, upon surrender of any such Unregistered Securities at the office or agency to be maintained for such purpose in a Place of Payment for that series with, in the case of Unregistered Securities having Coupons attached, all unmatured Coupons and all matured Coupons in default thereto appertaining, and upon payment, if the Corporation shall so require, of the charges hereinafter provided. Unless otherwise established for a particular series pursuant to Section 3.01, Registered Securities of any series may not be exchanged for Unregistered Securities of such series. Whenever Securities of any series are so surrendered for exchange, the Corporation shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive. All Securities and Coupons surrendered upon any exchange or transfer provided for in this Indenture shall be promptly cancelled and disposed of by the Trustee, and the Trustee shall deliver a certificate of disposition thereof to the Corporation.

All Registered Securities of any series presented for registration of transfer, exchange, redemption or payment shall (if so required by the Corporation or the Trustee) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Corporation and the Trustee duly executed by, the Holder or other appropriate person.

The Corporation may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of Securities; but unless otherwise provided in the Securities to be exchanged or transferred, no service charge shall be made for any such transaction.

The Corporation shall not be required to (i) issue, exchange or register the transfer of Securities of any series during a period of 15 Business Days next preceding the first mailing or publication of notice of redemption of the Securities of such series to be redeemed, (ii) exchange or register the transfer of any Securities selected for redemption, in whole or in part, except the unredeemed portion of any Security to be redeemed in part

or (iii) exchange or register the transfer of any Security if the Holder thereof has exercised any right to require the Corporation to purchase such Security, in whole or in part, except any portion thereof not required to be so purchased.

Notwithstanding any other provision of this Section, unless and until it is exchanged in whole or in part for Securities in definitive registered form, a Registered Global Security representing all or a portion of the Securities of any series may not be transferred except as a whole by the Depository for such Registered Global Security to a nominee of such Depository or by a nominee of such Depository to such Depository or nominee of such Depository or by such Depository or any such nominee to a successor Depository for such Registered Global Security or a nominee of such successor Depository.

If at any time a Depository for any Registered Securities of a series represented by one or more Registered Global Securities shall notify the Corporation that it is unwilling or unable to continue as Depository for such Registered Securities or if at any time any such Depository shall no longer be eligible to continue as Depository, the Corporation shall appoint a successor Depository with respect to the Registered Securities held by such Depository. If a successor Depository shall not be appointed by the Corporation within 90 days after the Corporation receives such notice or becomes aware of such ineligibility, the Corporation shall execute, and the Trustee upon receipt of a Corporation Order shall authenticate and deliver, in exchange for such Registered Global Securities, Registered Securities of such series in definitive form in authorized denominations for an aggregate principal amount equal to the aggregate principal amount of the Registered Global Securities held by such Depository.

lf an Event of Default described in clause (a) or (b) of Section 5.01 shall occur and be continuing with respect to any series of the Securities, the Corporation shall execute and deliver to the Trustee, together with a Corporation Order, and the Trustee shall, upon receipt thereof, authenticate and deliver, in exchange for Registered Global Securities evidencing the Securities of such series, Registered Securities of such series in definitive form in authorized denominations for an aggregate principal amount equal to the aggregate principal amount of such Registered Global Securities.

The Corporation may at any time, in its sole discretion, determine that the Registered Securities of a particular series shall no longer be represented by Registered Global Securities. In such event; the Corporation shall execute, and the Trustee upon receipt of a Corporation Order shall authenticate and deliver, in exchange for such Registered Global Securities, Registered Securities of such series in definitive form in authorized denominations for an aggregate principal amount equal to the aggregate principal amount of such Registered Global Securities.

If so established by the Corporation pursuant to Section 3.01 with respect to the Securities of a particular series represented by a Registered Global Security, the Depository for such Registered Global Security may surrender such Registered Global Security in exchange, in whole or in part, for Registered Securities of such series in definitive form upon such terms as are acceptable to the Corporation and such

Depository. Thereupon, the Corporation shall execute, and the Trustee upon receipt of a Corporation Order shall authenticate and deliver:

(a) to each Person specified by such Depository, one or more new Registered Securities of such series in authorized denominations requested by such Person for an aggregate principal amount equal to, and in exchange for, such Person's beneficial interest in such Registered Global Security; and

(b) to such Depository, a new Registered Global Security in a denomination equal to the difference between the principal amount of the surrendered Registered Global Security and the aggregate principal amount of the Registered Securities authenticated and delivered pursuant to clause (a) above.

Upon the surrender for exchange of any Registered Global Security for Registered Securities in definitive form, such Registered Global Security shall be promptly cancelled and disposed of by the Trustee, and the Trustee shall deliver a certificate of disposition to the Corporation. Registered Securities in definitive form issued in exchange for a Registered Global Security pursuant to this Section shall be registered in such names and in such authorized denominations as the Depository for such Registered Global Security, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee or an agent of the Corporation or the Trustee. The Trustee or such agent shall deliver such Registered Securities to or as directed by the Persons in whose names such Registered Securities are so registered.

All Securities issued upon any registration of transfer or exchange of Securities shall be valid obligations of the Corporation, evidencing the same indebtedness, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Notwithstanding anything herein or in the terms of the Securities of any series to the contrary, none of the Corporation, the Trustee or any agent of the Corporation or the Trustee (any of which, other than the Corporation, shall rely on an Officers' Certificate and an Opinion of Counsel) shall be required to exchange any Unregistered Security of any series for a Registered Security of such series if such exchange would result in adverse income tax consequences to the Corporation (such as, for exanple, the inability of the Corporation to deduct from its income the interest payable on the Unregistered Securities) under then applicable income tax laws.

Section 3.06 Mutilated, Defaced, Destroyed, Lost or Stolen Securities

In case any temporary or definitive Security or any Coupon appertaining thereto shall become mutilated or defaced or be destroyed, lost or stolen, the Corporation shall execute, and the Trustee upon receipt of a Corporation Order shall authenticate and deliver, a new Security of the same series oflike tenor and terms, bearing a number or other distinguishing symbol not contemporaneously outstanding, in lieu of and substitution for the mutilated, defaced, destroyed, lost or stolen Security, with Coupons corresponding to any Coupons appertaining to the Security so mutilated, defaced,

destroyed, lost or stolen, or in lieu of or substitution for the Security to which such mutilated, defaced, destroyed, lost or stolen Coupon appertained, with Coupons corresponding to the Coupons so mutilated, defaced, destroyed, lost or stolen. In each case, the applicant for a substitute Security or Coupon shall furnish to the Corporation and to the Trustee and any agent of the Corporation or the Trustee such security or indemnity as may be required by them to save each of them harmless and, in each case of destruction, loss or theft, evidence to their satisfaction of the destruction, loss or theft of such Security or Coupon and of the ownership thereof and, in each case of mutilation or defacement, shall surrender the Security and related Coupons to the Trustee or such agent.

Upon the issuance of any substitute Security or Coupon under this Section, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee or its agent) connected therewith. In case any Security or Coupon which has matured or is about to mature or has been called for redemption in full shall become mutilated or defaced or be destroyed, lost or stolen, the Corporation may, instead of issuing a substitute Security, pay or authorize the payment of the same or the relevant Coupon (without surrender thereof except in the case of a mutilated or defaced Security or Coupon), if the applicant for such payment shall furnish to the Corporation and to the Trustee and any agent of the Corporation or the Trustee such security or indemnity as may be required by them to save each of them harmless, and, in each case of destruction, loss or theft, evidence to their satisfaction of the destruction, loss or theft of such Security or Coupon and of the ownership thereof.

Every substitute Security or Coupon of any series issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Security or Coupon shall constitute an additional contractual obligation of the Corporation, whether or not the mutilated, destroyed, lost or stolen Security or Coupon shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities or Coupons of such series duly authenticated and delivered hereunder. All Securities and Coupons shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, defaced, destroyed, lost or stolen Securities and Coupons and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 3.07 Payment; Interest Rights Preserved

(a) Except as otherwise provided in accordance with Section 3.01 or 3.07(b) for the Registered Securities of a particular series, payments of the principal of (and premium, if any) and interest on any Registered Security (other than a Registered Global Security) will be made at the Corporate Trust Office except that, at the option of the Corporation, may be paid (i) by mailing checks for such interest payable to or upon the

written order of such Holders at their fast addresses as they appear on the Security Register, or (ii) by wire transfer to an account maintained by the Person entitled thereto as specified in the Security Register.

(b) Except as otherwise provided as contemplated by Section 3.01, interest on any Registered Security (other than a Registered Global Security) or on any Unregistered. Security registered as to interest shall be paid to the Person in whose name such Security or whose entitlement to interest is registered at the close of business on the Regular Record Date for such interest.

(c) Interest on any Securities with Coupons attached (together with any additional related amounts payable pursuant to the terms of such Securities) shall be payable only upon presentation and surrender of the several Coupons for such interest installments as are evidenced thereby as they severally mature.

(d) If any temporary Unregistered Security provides that interest thereon may be paid while in temporary form, the interest on any such temporary Unregistered Security (together with any additional related amounts payable pursuant to the terms of such Security) shall be paid, as to the installments of interest evidenced by Coupons attached thereto, if any, only upon presentation and surrender thereof, and, as to the other installments of interest, if any, only upon presentation of such temporary Unregistered Security for notation thereon of the payment of such interest, in each case subject to any restrictions that may be established pursuant to Section 3.0I .

(e) Any interest on any Registered Security which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date ("Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Corporation, at its election in each case, as provided in paragraph (i) or (ii) below:

(i) The Corporation may elect to make payment of any Defaulted Interest on Registered Securities and on Unregistered Securities registered as to interest to the Persons in whose names the Registered Securities or whose entitlements to interest are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Corporation shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each such Security and the date of the proposed payment, and at the same time the Corporation shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this paragraph provided. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by

the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Corporation of such Special Record Date and, in the name and at the expense of the Corporation, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of the Registered Securities or each Person so entitled to interest at his or her address as it appears in the Security Register, not less than I 0 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be Paid to the Persons in whose names the Registered Securities or whose entitlements to interest are registered at the close of business on such Special Record Date.

(ii) The Corporation may make payment of any Defaulted Interest on the Registered Securities of any series in any other lawful manner not inconsistent with the requirements of an securities exchange on which such Registered Securities may be listed, and upon such notice as may be required by such exchange, after notice given by the Corporation to the Trustee of the proposed payment pursuant to this paragraph.

Section 3.08 Persons Deemed Owners

The Corporation, the Trustee and any agent of the Corporation or the Trustee may treat the Person in whose name each Registered Security is registered in the Security Register as the owner of such Registered Security for the purpose of receiving payment of or on account of the principal of (and premium, if any) and (subject to Section 3.07) interest, if any, on such Registered Security and for all other purposes whatsoever (other than the payment of Additional Amounts), whether or not such payment in respect of such Registered Security shall be overdue, and none of the Corporation, the Trustee and any agent of the Corporation or the Trustee shall be affected by any notice to the contrary. The Corporation, the Trustee and any agent of the Corporation or the Trustee may treat the Holder of any Unregistered Security and the Holder of any Coupon as the owner of such Unregistered Security or Coupon for the purpose of receiving payment thereof or on account thereof and for all other purposes whatsoever, whether or not such payment in respect of such Unregistered Security or Coupon shall be overdue and none of the Corporation, the Trustee and any agent of the Corporation or the Trustee shall be affected by any notice to the contrary. All such payments so made to any such Person or Holder, or upon the order of any such Person or Holder, shall be valid and, to the extent of the amounts so paid, effectual to satisfy and discharge the indebtedness on any such Security or Coupon.

Section 3.09 Cancellation

All Securities and Coupons surrendered for payment, redemption, repayment at the option of the Holder, registration of transfer or exchange, or for credit against any payment in respect of any sinking or analogous fund, if surrendered to the Corporation or any agent of the Corporation or any agent of the Trustee, shall be delivered to the Trustee

for cancellation or if surrendered to the Trustee, shall be cancelled by it; and no Securities or Coupons shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee shall dispose of cancelled Securities and Coupons in accordance with its customary procedures. If the Corporation or its agent shall acquire any of the Securities or Coupons, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities or Coupons unless and until the same are delivered to the Trustee for cancellation. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. AH cancelled Securities held by the Trustee shall be disposed of by the Trustee in accordance with its customary procedures and certification of their disposal delivered to the Corporation unless by Corporation Order the Corporation shall direct that cancelled Securities be returned to it.

Section 3.10 Computation of Interest

Except as otherwise established pursuant to Section 3.01 for the Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360., day year of twelve 30-day months.

Section 3.11 Currency and Manner of Payments in Respect of Securities.

(a) With respect to Registered Securities of any series not permitting the election provided for in paragraph (b) below or the Holders of which have not made the election provided for in paragraph (b) below, and with respect to Unregistered Securities of any series, except as provided in paragraph (d) below, payment of the principal of (and premium, if any) and interest, if any, on any Registered or Unregistered Security of such series will be made in the Currency in which such Registered Security or Unregistered Security, as the case may be, is payable. The provisions of this Section 3.11 may be modified or superseded with respect to any Securities pursuant to Section 3.01.

(b) It may be provided pursuant to Section 3.01 with respect to Registered Securities of any series that Holders shall have the option, subject to paragraphs (d) and (e) below, to receive payments of principal of (or premium, if any) or interest, if any, on such Registered Securities in any of the Currencies which may be designated for such election by delivering to the Trustee a written election with signature guarantees and in the applicable form established pursuant to Section 3.01, not later than the close of business on the Election Date immediately preceding the applicable payment date. If a Holder so elects to receive such payments in any such Currency, such election will remain in effect for such Holder or any transferee of such Holder until changed by such Holder or such transferee by written notice to the Trustee (but any such change must be made not later than the close of business on the Election Date immediately preceding the next payment date to be effective for the payment to be made on such payment date and no such change of election may be made with respect to payments to be made on any Registered Security of such series with respect to which an Event of Default has occurred or with respect to which the Corporation has deposited funds pursuant to Article Four or Twelve or with respect to which a notice of redemption has been given by the Corporation or a notice of option to elect repayment has been sent by such Holder or such

transferee). Any Holder of any such Registered Security who shall not have delivered any such election to the Trustee not later than the close of business on the applicable Election Date will be paid the amount due on the applicable payment date in the relevant Currency as provided in Section 3.11(a). The Trustee shall notify the Exchange Rate Agent as soon as practicable after the Election Date of the aggregate principal amount of Registered Securities for which Holders have made such written election.

(c) Unless otherwise specified pursuant to Section 3.0I, if the election referred to in paragraph (b) above has been provided for pursuant to Section 3.01, then, unless otherwise specified pursuant to Section 3.01, not later than the fourth Business Day after the Election Date for each payment date for Registered Securities of any series, the Exchange Rate Agent will deliver to the Corporation a written notice specifying, in the Currency in which Registered Securities of such series are payable, the respective aggregate amounts of principal of (and premium, if any) and interest, if any, on the Registered Securities to be paid on such payment date, specifying the amounts in such Currency so payable in respect of the Registered Securities as to which the Holders of Registered Securities of such series shall have elected to be paid in another Currency as provided in paragraph (b) above. If the election referred to in paragraph (b) above has been provided for pursuant to Section 3.01 and if at least one Holder has made such election, then, unless otherwise specified pursuant to Section 3.01, on the second Business Day preceding such payment date the Corporation will deliver to the Trustee for such series of Registered Securities an Exchange Rate Officer's Certificate in respect of the Dollar or Foreign Currency payments to be made on such payment date. Unless otherwise specified pursuant to Section 3.01, the Dollar or Foreign Currency amount receivable by Holders of Registered Securities who have elected payment in a Currency as provided in paragraph (b) above shall be determined by the Corporation on the basis of the applicable Market Exchange Rate in effect on the third Business Day (the "Valuation Date") immediately preceding each payment date, and such determination shall be conclusive and binding for all purposes, absent manifest error.

(d) If a Conversion Event occurs with respect to a Foreign Currency in which any of the Securities are denominated or payable other than pursuant to an election provided for pursuant to paragraph (b) above, then with respect to each date for the payment of principal of (and premium, if any) and interest, if any, on the applicable Securities denominated or payable in such Foreign Currency occurring after the last date on which such Foreign Currency was used (the "Conversion Date"), the Dollar shall be the Currency of payment for use on each such payment date. Unless otherwise specified pursuant to Section 3.01, the Dollar amount to be paid by the Corporation to the Trustee and by the Trustee or any Paying Agent to the Holders of such Securities with respect to such payment date shall be, in the case of a Foreign Currency other than a currency unit, the Dollar Equivalent of the Foreign Currency or, in the case of a currency unit, the Dollar Equivalent of the Currency Unit, in each case as determined by the Exchange Rate Agent in the manner provided in paragraph (f) or (g) below.

(e) Unless otherwise specified pursuant to Section 3.01, if the Holder of a Registered Security denominated in any Currency shall have elected to be paid in another

Currency as provided in paragraph (b) above, and a Conversion Event occurs with respect to such elected Currency, such Holder shall receive payment in the Currency in which payment would have been made in the absence of such election; and if a Conversion Event occurs with respect to the Currency in which payment would have been made in the absence of such election, such Holder shall receive payment in Dollars as provided in paragraph (d) above.

(f) The **"Dollar Equivalent of the Foreign Currency"** shall be determined by the Exchange Rate Agent and shall be obtained for each subsequent payment date by converting the specified Foreign Currency into Dollars at the Market Exchange Rate on the Conversion Date.

(g) The **"Dollar Equivalent of the Currency Unit"** .shall be determined by the Exchange Rate Agent and subject to the provisions of paragraph (h) below shall be the sum of each amount obtained by converting the Specified Amount of each Component Currency into Dollars at the Market Exchange Rate for such Component Currency on the Valuation Date with respect to each payment.

(h) For purposes of this Section 3.11 the following terms shall have the following meanings:

A **"Component Currency"** shall mean any Currency which, on the Conversion Date, was a component currency of the relevant currency unit, including, but not limited to, the Euro.

A **"Specified Amount"** of a Component Currency shall mean the number of units of such Component Currency or fractions thereof which were represented in the relevant currency unit, including, but not limited to, the Euro, on the Conversion Date. If after the Conversion Date the official unit of any Component Currency is altered by way of combination or subdivision, the Specified Amount of such Component Currency shall be divided or multiplied in the same proportion. If after the Conversion Date two or more Component Currencies are consolidated into a single currency, the respective Specified Amounts of such Component Currencies shall be replaced by an amount in such single Currency equal to the sum of the respective Specified Amounts of such consolidated Component Currencies expressed in such single Currency, and such amount shall thereafter be a Specified Amount and such single Currency shall thereafter be a Component Currency. If after the Conversion Date any Component Currency shall be divided into two or more currencies, the Specified Amount of such Component Currency shall be replaced by amounts of such two or more currencies, having an aggregate Dollar Equivalent value at the Market Exchange Rate on the date of such replacement equal to the Dollar Equivalent value of the Specified Amount of such former Component Currency at the Market Exchange Rate immediately before such division and such amounts shall thereafter be Specified Amounts and such currencies shall thereafter be Component Currencies. If, after the Conversion Date of the relevant currency unit, including, but not limited to, the Euro, a Conversion Event (other than any event referred to above in

this definition of "Specified Amount") occurs with respect to any Component Currency of such currency unit and is continuing on the applicable Valuation Date, the Specified Amount .of such Component Currency shall, for purposes of calculating the Dollar Equivalent of the Currency Unit, be converted into Dollars at the Market Exchange Rate in effect on the Conversion Date of such Component Currency.

"Election Date" shall mean the date for any series of Registered Securities as specified pursuant to clause (12) of Section 3.01 by which the written election referred to in paragraph (b) above may be made.

All decisions and determinations of the Exchange Rate Agent regarding the Dollar Equivalent of the Foreign Currency, the Dollar Equivalent of the Currency Unit, the Market Exchange Rate and changes in the Specified Amounts as specified above shall be in its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and irrevocably binding upon the Corporation, the Trustee and all Holders of such Securities denominated or payable in the relevant Currency. The Exchange Rate Agent shall promptly give written notice to the Corporation and the Trustee of any such decision or determination.

In the event that the Corporation determines in good faith that a Conversion Event has occurred with respect to a Foreign Currency, the Corporation will immediately give written notice thereof to the Trustee and to the Exchange Rate Agent (and the Trustee will promptly thereafter give notice in the manner provided for in Section 1.07 to the affected Holders) specifying the Conversion Date. In the event the Corporation so determines that a Conversion Event has occurred with respect to the Euro or any other currency unit in which Securities are denominated or payable, the Corporation will immediately give written notice thereof to the Trustee and to the Exchange Rate Agent (and the Trustee will promptly thereafter give notice in the manner provided for in Section 1.07 to the affected Holders) specifying the Conversion Date and the Specified Amount of each Component Currency on the Conversion Date. In the event the Corporation determines in good faith that any subsequent change in any Component Currency as set forth in the definition of Specified Amount above has occurred, the Corporation will similarly give written notice to the Trustee and the Exchange Rate Agent.

The Trustee shall be fully justified and protected in relying and acting upon information received by it from the Corporation and the Exchange Rate Agent and shall not otherwise have any duty or obligation to determine the accuracy or validity of such information independent of the Corporation or the Exchange Rate Agent.

Section 3.12 Appointment and Resignation of Successor Exchange Rate Agent

(a) Unless otherwise specified pursuant to Section 3.01, if and so long as the Securities of any series (i) are denominated in a Currency other than Dollars or (ii) may be payable in a Currency other than Dollars, or so long as it is required under any other provision of this Indenture, then the Corporation will maintain with respect to each such

series of Securities, or as so required, at least one Exchange Rate Agent. The Corporation will cause the Exchange Rate Agent to make the necessary foreign exchange determinations at the time and in the manner specified pursuant to Section 3.01 for the purpose of determining the applicable rate of exchange and, if applicable, for the purpose of converting the issued Currency into the applicable payment Currency for the payment of principal (and premium, if any) and interest, if any, pursuant to Section 3.11.

(b) No resignation of the Exchange Rate Agent and no appointment of a successor Exchange Rate Agent pursuant to this Section shall become effective until the acceptance of appointment by the successor Exchange Rate Agent as evidenced by a written instrument delivered to the Corporation and the Trustee.

(c) If the Exchange Rate Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Exchange Rate Agent for any cause with respect to the Securities of one or more series, the Corporation, by or pursuant to a Directors' Resolution, shall promptly appoint a successor Exchange Rate Agent or Exchange Rate Agents with respect to the Securities of that or those series (it being understood that any such successor Exchange Rate Agent may be appointed with respect to the Securities of one or more or all of such series and that, unless otherwise specified pursuant to Section 3.01, at any time there shall only be one Exchange Rate Agent with respect to the Securities of any particular series that are originally issued by the Corporation on the same date and that are initially denominated and/or payable in the same Currency).

ARTICLE FOUR
SATISFACTION AND DISCHARGE

Section 4.01 Satisfaction and Discharge of Indenture

This Indenture shall cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for) and the Trustee, upon Corporation Request and at the expense of the Corporation, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when:

(1) either

(i) all Securities and Coupons theretofore authenticated and delivered (other than (A) Securities and Coupons which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 3.06 and (B) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Corporation and thereafter repaid to the Corporation or discharged from such trust, as provided in Section 9.05) have been delivered to the Trustee for cancellation; or

(ii) all such Securities and Coupons not theretofore delivered to the Trustee for cancellation

(A) have become due and payable, or

(B) will become due and payable at their Stated Maturity within one year, or

(C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Corporation,

and the Corporation, in the case of clause (A), (B) or (C) of this clause (l)(ii), has, in accordance with the conditions set forth in Section 12.04(1), made or caused to be made deposits in trust for the purpose in an amount which shall be sufficient to pay and discharge the entire indebtedness on such Securities and Coupons not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest to the date of such deposit (in the case of Securities and Coupons which have become due and payable) or to the Stated Maturity or Redemption Date, as the case maybe;

(2) the Corporation has paid or caused to be paid all other sums payable hereunder by the Corporation; and

(3) the Corporation has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Corporation to the Trustee under Sections 6.03(vii) and 6.03(viii), the obligations of the Corporation to any Authenticating Agent under Section 6.13 and, if deposits shall have been made pursuant to clause (1)(ii) of the first paragraph of this Section, the obligations of the Trustee under Sections 4.02 and 12.05 and the last paragraph of Section 9.05 shall survive such satisfaction and discharge.

Section 4.02 Application of Trust Money

Subject to the provisions of the last paragraph of Section 9.05, all money deposited with the Trustee shall be held in trust and applied by it, in accordance with the provisions of the Securities, the Coupons and this Indenture, to the payment, either directly or through any Paying Agent (including the Corporation acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto of the principal (and premium, if any) and interest for whose payment such money has been deposited With the Trustee.

ARTICLE FIVE
REMEDIES

Section 5.01 Event of Default

"Event of Default", wherever used herein with respect to the Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default by the Corporation in the payment of all or any part of the principal of any of the Securities of such series when the same becomes due under any provision hereof or of such Securities;

(2) default by the Corporation in the payment of any interest upon any of the Securities of such series when and as the same shall become due and payable, and continuance of such default for a period of 30 days;

(3) default by the Corporation in the observance or performance of any other covenant or condition contained in the Securities of such series or in this Indenture to be observed or performed on the part of the Corporation and continuance of such default for a period of 60 days after notice in writing has been given by the Trustee to the Corporation specifying such default and requiring the Corporation to put an end to the same, which notice the Trustee may give on its own initiative and shall give when requested to do so by the Holders of not less than 25% in aggregate principal amount of the Securities of all series then Outstanding affected thereby;

(4) default by the Corporation or any Subsidiary in the payment of the principal of, premium, if any, or interest on any indebtedness for borrowed money having an outstanding principal amount in excess of the greater of $100 million and 2% of the Shareholders' Equity of the Corporation in the aggregate at the time of default or default in the performance of any other covenant of the Corporation or any Subsidiary contained in any instrument under which such indebtedness is created or issued and the holders thereof, or a trustee, if any, for such holders, declare such indebtedness to be due and payable prior to the stated maturities of such indebtedness ("accelerated indebtedness"), and such acceleration shall not be rescinded or annulled, or such default under such instrument shall not be remedied or cured, whether by payment or otherwise, or waived by the holders of such indebtedness, provided that if (a) such accelerated indebtedness is the result of an event of default which is not related to the failure to pay principal or interest on the terms, at the times and on the conditions set forth in such instrument, it will not be considered an Event of Default under this Section 5.01(4) until 30 days after such acceleration, or (b) if such accelerated indebtedness shall occur as a result of such failure to pay principal or interest or as a result of an event of default which is related to the failure to pay principal or interest on the terms, at the times, and on the conditions set out in any such indenture or instrument, then (i) if such accelerated indebtedness is, by its terms, non recourse to the Company or the Railroad Subsidiaries, it shall not be

considered an Event of Default for purposes of this Indenture; or (ii) if such accelerated indebtedness is recourse to the Company or the Railroad Subsidiaries, any requirement in connection with such failure to pay or event of default for the giving of notice or the lapse of time or the happening of any further condition, event or act under such other indenture or instrument in connection with such failure to pay principal or an event of default shall be applicable together with an additional seven days before being considered an Event of Default for purposes of this Indenture;

(5) the entry of a decree or order by a court having jurisdiction in the premises adjudging the Corporation a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Corporation under or subject to the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada) or any other bankruptcy, insolvency or analogous laws, the issuance of a sequestration order or the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Corporation or in receipt of any substantial part of the property of the Corporation or the ordering of the winding up, liquidation or dissolution of the Corporation, and any such decree, order or appointment continues unstayed and in effect for a period of 90 consecutive days; or the making by the Corporation or any Significant Subsidiary of a general assignment for the benefit of its creditors or other acknowledgment by the Corporation or any Significant Subsidiary of its insolvency, or the making of a bankruptcy receiving order against the Corporation or any Significant Subsidiary if the Corporation or any Significant Subsidiary fails to file an appeal therefrom within the applicable appeal period or, if the Corporation or any such Significant Subsidiary does file an appeal therefrom within such period, such order is not within a period of 60 days from the date thereof, and does not remain, vacated, discharged or stayed, or the making by the Corporation or any .. Significant Subsidiary of an authorized assignment or a proposal to its creditors, or the seeking of relief, under any bankruptcy or insolvency or analogous law (including, . Without limitation, the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors Arrangement Act* (Canada) or the *Winding-up and Restructuring Act* (Canada)), or the consenting to, or acquiescence by the Corporation or any Significant Subsidiary in, the appointment of a trustee, custodian, receiver or receiver and manager or any other officer with similar powers of the Corporation or any such Significant Subsidiary or of all of the assets of the Corporation or any such Significant Subsidiary or any part thereof the loss of which could reasonably be expected to materially and adversely affect the ability of the Corporation to perform its obligations under this Indenture; or

(6) any other Event of Default provided in or pursuant to the supplemental indenture, Directors' Resolution or Officers' Certificate establishing the terms of such series of Securities as provided in Section 3.01 or in the form or forms of Security for such series.

Section 5.02 Acceleration of Maturity

If an Event of Default described in clause (1) or (2) of Section 5.01 shall have occurred and be continuing with respect to the Securities of any series, then, and in each

and every such case, unless the principal of all of the Securities of such series shall have already become due and payable, the Trustee may in its discretion and shall upon request in writing made by the Holders of not less than 25% in aggregate principal amount of the Securities of such series then Outstanding, by notice in writing to the Corporation, declare the entire principal (or, if any of the Securities of that series are Original Issue Discount Securities, the specified portion of the principal) of (and premium if any, on) all the Securities of such series then Outstanding and the interest accrued thereon and all other money owing under the provisions of the Indenture in respect of such Securities to be due and payable to the Trustee on demand and upon any such demand the same shall forthwith become immediately due and payable to the Trustee. If an Event of Default described in clause (3) or (6) of Section 5.01 shall have occurred and be continuing with respect to the Securities of one or more series, then, and in each and every such case, unless the principal of all of the Securities of such affected series shall have already become due and payable, the Trustee may in its discretion and shall upon request in writing made by the Holders of not less than 25% in aggregate principal amount of the Securities of all such affected series then Outstanding (voting as one class), by notice in writing to the Corporation, declare the entire principal (or, if any of the Securities of that series are Original Issue Discount Securities, the specified portion of the principal) of (and premium, if any, on) all the Securities of all such affected series then Outstanding and the interest accrued thereon and all other money owing under the provisions of the Indenture in respect of such Securities to be due and payable to the Trustee on demand, and upon any such demand the same shall forthwith become immediately due and payable. If an Event of Default described in clause (4) or (5) of Section 5.01 shall have occurred and be continuing, then, and in each and every such case, unless the principal of all Securities shall have already become due and payable, the Trustee may in its discretion and shall upon request in writing made by the Holders of not less than 25% in aggregate principal amount of all the Securities then Outstanding (voting as one class), by notice in writing to the Corporation, declare the entire principal (or, if any of the Securities of that series are Original Issue Discount Securities, the specified portion of the principal) of (and premium, if any, on) all the Securities then Outstanding and the interest accrued thereon and all other money owing under the provisions of the Indenture in respect of such Securities to be due and payable to the Trustee on demand, and upon any such demand the same shall forthwith become immediately due and payable.

The Corporation shall, upon demand of the Trustee, forthwith pay to the Trustee, for the benefit of the Holders of the Securities of such series, the whole amount then due and payable on such Securities, including all Coupons appertaining thereto, for the principal (or, if any of the Securities of that series ate Original Issue Discount Securities, the specified portion of the principal) of (and premium, if any) and interest accrued to the date of such payment on all such Securities of such series and all other money owing under the provisions of the Indenture in respect of such Securities, together with interest from the date of such demand to the date of such payment upon overdue principal and premium and, to the extent that payment of such interest shall be enforceable under applicable law, on overdue installments of interest and on such other money at the same rate as the rate of interest (or Yield to Maturity, in the case of Original Issue Discount Securities) specified in the Securities of such series; and, in addition thereto, such further

amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and Counsel, except as a result of negligence or bad faith.

Until such demand shall be made by the Trustee, the Corporation shall pay the principal of (and premium, if any) and interest on the Securities of such series to the Holders in accordance with the terms hereof and thereof, whether or not payment of any amount in respect of such Securities of such series shall be overdue.

If an Event of Default shall have occurred and be continuing the Trustee shall, within 30 days after it becomes aware of the occurrence of such Event of Default, give notice of such Event of Default to the Holders of the Securities of all series then Outstanding affected thereby in the manner provided in Section 1.07, provided that, notwithstanding the foregoing, except in the case of Events of Default described in clauses (1) and (2) of Section 5.01, the Trustee shall not be required to give such notice if the Trustee in good faith shall have decided that the withholding of such notice is in the best interests of the Holders of the Securities of all series then Outstanding affected thereby and shall have so advised the Corporation in writing. Where a notice of the occurrence of an Event of Default has been given to the Holders of such Securities pursuant to the preceding sentence and the Event of Default is thereafter cured, the Trustee shall give notice that the Event of Default is no longer continuing to the Holders of such Securities within 30 days after it becomes aware that the Event of Default has been cured.

Section 5.03 Waiver of Acceleration Upon Default

In the event of the acceleration of maturity with respect to Securities of any series as provided in Section 5.02 hereof, and prior to such time as a judgment or decree for payment of the money due has been obtained by the Trustee as herein below in this Article provided, the Holders of not less than a majority in aggregate principal amount of the Securities of such affected series then Outstanding (voting as one class, except in the case of Events of Default described in clauses (1) and (2) of Section 5.0l, in which case each series of Securities as to which such an Event of Default shall have occurred shall vote as a separate class) shall have the power exercisable by the Act of such Holders to direct the Trustee to cancel the declarati9n made by the Trustee and the Trustee shall thereupon cancel the declaration if:

(1) the Corporation has paid or deposited with the Trustee a sum sufficient to pay

(i) all overdue interest on all Securities of that series; if any,

(ii) the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and any interest thereon, if any, at the rate or rates prescribed therefor in such Securities,

(iii) to the extent that payment of such interest is lawful, interest upon overdue interest, if any, at the rate or rates specified therefor in such Securities,

(iv) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, except as a result of negligence or bad faith, if any, and

(v) any other amounts payable under this Indenture at such time otherwise than by reason of such declaration of acceleration;

and

(2) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which has become due solely by such declaration of acceleration, have been cured or waived;

provided that no such waiver or cancellation shall extend to or shall affect any subsequent default or breach or shall impair any right consequent thereon.

Section 5.04 Enforcement of Payment of Trustee

Subject to the provisions of Sections 5.01 and 5.03, in case the Corporation shall fail to pay to the Trustee or the Holders of the Securities of any series then Outstanding the principal of (or, premium, if any) or interest accrued on all the Securities of such series and other money owing hereunder, the Trustee may in its discretion and shall upon the request in writing of the Holders of not less than 25% in principal amount of the Securities of such series and upon being indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, in its own name and as trustee of an express trust, institute judicial proceedings for the collection of the amounts so due and unpaid, prosecute such proceedings to judgment or final decree and enforce the same against the Corporation or any other obligor upon such Securities of such series and collect the money adjudged or decreed to be payable in the manner provided by law out of the property of the Corporation or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to the Securities of any series shall occur and be continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of the Securities of such series by such appropriate judicial proceedings as the Trustee shall deem necessary to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 5.05 Trustee May File Proofs of Claim

Subject to the provisions of Article Seven, in case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement,

adjustment, composition or other similar judicial proceeding relative to the Corporation or the assets of the Corporation, the Trustee (irrespective of whether the principal of the Securities of any series shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Corporation for the payment of overdue principal, premium or interest) shall be entitled and empowered, either in its own name or as trustee of an express trust, or as attorney-in-fact for the respective Holders of the Securities of any series, or in any one or more of such capacities, by intervention in such proceeding or otherwise:

(i) to file and prove a claim, debt, petition or other document for the whole amount of the principal (and premium, if any) and interest (or if the Securities of any series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of such series) owing and unpaid in respect of the Securities of each series, and to execute and file such other papers or documents and do and perform all such things as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, · expenses, disbursements and advances of the Trustee, its agents and counsel, except as a result of negligence or bad faith) and of the Holders allowed in such judicial proceeding, and

(ii) to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, except as a result of the Trustee's negligence or bad faith, and any other amounts due the Trustee under clause (3) of Sections 9.01 and 6.03(vii).

The Trustee is hereby irrevocably appointed (and the successive respective Holders of the Securities of each series by taking and holding the same shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in- . fact of the respective Holders of such Securities with authority to do and perform any and all such acts contemplated by clauses (i) and (ii) of this Section for and on behalf of such . Holders as may be necessary or advisable in the opinion of the Trustee. Subject to the provisions of Article Seven, nothing herein contained shall be deemed to authorize the Trustee, unless so authorized by Act of the Holders, to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities of any series or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding; provided, however, that the Trustee may, on behalf of the Holders, vote for the election of a trustee in bankruptcy or similar official and be a member of a creditors' or other similar committee.

Section 5.06 Trustee May Enforce Claims without Possession of Securities

All rights of action and claims under this Indenture, or under the Securities of any series or any Coupons appertaining thereto, may be prosecuted and enforced by the Trustee without the possession of any of the Securities of such series or such Coupons or the production thereof in any suit or proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, except as a result of the Trustee's negligence or bad faith, be for the ratable benefit of the Holders of the Securities and Coupons in respect of which such judgment has been recovered subject to the provisions of this Indenture.

In any suit or proceeding brought by the Trustee (and also in any suit or proceeding involving the interpretation or construction of any provision of this Indenture to which the Trustee shall be a party), the Trustee shall be held to represent all the Holders of the Securities and Coupons appertaining thereto in respect to which action was taken, and it shall not be necessary to make any Holders of such Securities or Coupons parties to any such proceedings

Section 5.07 Application of Money Collected

Any money collected or received by the Trustee pursuant to this Article in respect of the Securities of any series shall be applied in the following order, at the date or dates fixed by the Trustee and, in the case of any distribution of such money on account of the principal of (or premium, if any) or interest on the Securities of such series, upon presentation of the several Securities and Coupons appertaining thereto in respect of which money has been collected and the notation thereon of such distribution if such principal, premium and interest be only partially paid or upon surrender thereof if fully paid:

(1) firstly, to pay or reimburse to the Trustee for all amounts due the Trustee under Sections 6.03(vii) and 6.03(viii);

(2) secondly, to pay or reimburse the Holders of the Securities of such series the costs, charges, expenses, advances and compensation to the Trustee in or about the execution of its trust, or otherwise in relation hereto, with interest thereon as herein provided;

(3) thirdly, in or towards payment of interest on any overdue interest on such Securities of such series and thereafter in or towards payment of the accrued and unpaid interest on such Securities of such series and interest on any other money owing under the provisions of this Indenture and thereafter in or towards payment of the principal (and premium, if any) of such Securities of such series (or if the Holders of a majority in aggregate principal amount of the Securities of such affected series then Outstanding (voting as one class) shall have directed payments to be made in accordance with any other order of priority, or without priority as between principal (and premium, if any) and

interest, then such money shall be applied in accordance with such direction); provided that no payment shall be made in respect of any interest the time of payment of which has been extended contrary to the provisions of Section 9.01(2) hereof, until the prior payment in full of all other money payable hereunder; and

(4) fourthly, the surplus, if any, of such money shall be paid to the Corporation.

Section 5.08 Limitation on Suits

No Holder of any Security of any series or of any Coupon shall have any right to institute any action, suit or proceeding, judicial or otherwise, with respect to this Indenture, for payment of any principal, premium, if any, or interest owing on any Security or Coupon, or for the execution of any trust or power hereunder or for the appointment of a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official, or to have the Corporation wound up, or for any other remedy hereunder, unless:

(I) such Holder shall have previously given written notice to the Trustee of the occurrence of a continuing Event of Default hereunder with respect to the Securities of such series;

(2) the Holders of not less than 25% in aggregate principal amount of the Outstanding Securities of that series in the case of an Event of Default described in clause (1), (2), (3), (4), or (6) of Section 5.01, or in the case of an Event of Default described in clause (5) of Section 5.01, the Holders of not less than 25% in principal amount of all such affected series then Outstanding (voting as one class) shall have made written request to the Trustee to institute such proceeding in its own name as Trustee hereunder;

(3) such Holder or Holders shall have offered to the Trustee, when so requested by the Trustee, reasonable indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have-failed to institute such action, suit or proceeding; and

(5) no direction inconsistent with such written request shall have been given to the Trustee during such 60 day period by the Holders of not less than a majority in aggregate principal amount of the Outstanding Securities of that series in the case of any Event of Default described in clause (1), (2), (3), (4) or (6) of Section 5.01 or, in the case of any Event of Default described in clause (5) of Section 5.01 by the Holders of a majority or more of all such affected series then Outstanding (voting as one class);

it being understood and intended that no one or more of Holders of Securities of any series or Coupons appertaining thereto shall have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder of the Securities or the Coupons, or to obtain or to seek to

obtain preference or priority over any other such Holder or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Holders of Securities of the affected series and Coupons appertaining thereto.

Section 5.09 Unconditional Right of Holders to Receive Principal, Premium and Interest

Notwithstanding any other provision in this Indenture or any provision of any Security of any series, the Holder of a Security of any series or Coupon appertaining thereto shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and (subject to Section 3.07) interest on such Security or Coupon on the Stated Maturity or Stated Maturities expressed in such Security or Coupon or, in the case of redemption, on the Redemption Date and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Section 5.10 Restoration of Rights and Remedies

In case the Trustee or any Holder shall have proceeded to enforce any right or remedy under this Indenture and such proceeding shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or to such Holder, then, and in every such case, the Corporation, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder; and all rights, remedies and powers of the Corporation, the Trustee and the Holders shall continue as though no such proceeding had been taken.

Section 5.11 Rights and Remedies Cumulative

Except as otherwise provided with respect to the replacement or payment of mutilated, defaced, destroyed, lost or stolen Securities and Coupons in the last sentence of Section 3.06, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.12 Delay or Omission Not Waiver

No delay or omission of the Trustee or of any Holder of Securities or Coupons to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case maybe, except as otherwise expressly provided in this Indenture.

Section 5.13 Control by Holders

The Holders of not less than a majority in aggregate principal amount of the Securities of all affected series at the time Outstanding (determined as provided in Section 5.02 and voting as one class) shall have the right exercisable by Act of such Holders to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Securities of such affected series, provided that:

(1) such direction shall not be in conflict with any rule of law or with this Indenture;

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

(3) the Trustee shall have the right to decide to follow such direction if the Trustee in good faith shall, by a Responsible Officer, determine that such direction be prejudicial to the Holders not joining in such direction or would involve the Trustee in personal liability.

Section 5.14 Waiver of Past Defaults

The Holders of a majority in aggregate principal amount of the Securities of all series at the time Outstanding with respect to which a default or breach or an Event of Default shall have occurred and be continuing (determined as provided in Section 5.02 and voting as one class) shall have the right exercisable by Act of such Holders to waive any past default or breach or Event of Default and its consequences, except a default

(1) in the payment of the principal of or any premium or interest on any Security of any such series, or

(2) in respect of a covenant *ot* provision hereof which under Article Eight cannot be modified or amended without the consent of all Holders of all Outstanding Securities of any such series affected.

Upon any such waiver, such default or breach shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture, but no such waiver shall extend to any subsequent or other default or breach or Event of Default or impair any right consequent thereon.

Section 5.15 Undertaking for Costs

All parties to this Indenture agree, and each Holder of any Security or Coupon by acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and

that such court may in its discretion assess reasonable costs, including reasonable · attorneys' fees and documented out-of-pocket expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant

Section 5.16 Waiver of Usury, Stay or Extension Laws

The Corporation covenants (to the fullest extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Corporation (to the fullest extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX
THE TRUSTEE

Section 6.0l **Certain Duties and Responsibilities**

(a) Except during the continuance of an Event of Default,

(i) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(ii) In the absence of bad faith on its part, the Trustee, in the exercise of its rights and duties hereunder, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to and comply with the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(b) In case an event of default with respect to any series of Securities has occurred and is continuing, the Trustee shall exercise with respect to the Securities of such series such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from the duties imposed on it in Sections 6.0l (a) and (b) or from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this Subsection shall not be construed to limit the effect of Section 6.01;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent i:n ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with an appropriate direction of the Holders pursuant to Section 5.13 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any personal financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 6.02 Certain Rights of Trustee

Subject to the provisions of Section 6.01 and Sections 315(a) through 315(d) of the Trust Indenture Act:

(a) the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, Officers' Certificate or other certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, Coupon, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any order, request or direction of the Corporation mentioned herein shall be sufficiently evidenced by a Corporation Request or Corporation Order and any resolution of the Directors shall be sufficiently evidenced by a Directors' Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate, including (i) as to any statements of fact, as evidence of the truth of such statements, and (ii) to the effect that any particular dealing or transaction or step or thing is, in the opinion of the Officers so certifying, expedient, as evidence that it is expedient; provided that the Trustee may in its sole discretion require from the Corporation or otherwise further evidence or information before acting or relying on such certificate;

(d) the Trustee may employ or retain such agents, counsel and other experts or assistants as it may reasonably require for the proper discharge of its duties hereunder and shall not be responsible for any misconduct or negligence o:n the part of any such persons who have been selected with due care by the Trustee;

(e) the Trustee may, in relation to this Indenture, act on the opinion or advice of or on information obtained from any Counsel, notary, valuer, surveyor, engineer, broker, auctioneer, accountant or other expert, whether obtained by the Trustee or by the Corporation or otherwise;

(f) the Trustee may consult with counsel of its selection and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(g) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered and furnished to the Trustee funds for the purpose and indemnity satisfactory to the Trustee, acting reasonably, against the costs, expenses and liabilities which might be 'incurred by it in compliance with such request or direction;

(h) the Trustee may, before commencing (or at any time during the continuance of) any act, action or proceeding, require the Holders at whose instance it is acting to deposit with the Trustee the Securities held by them, for which Securities the Trustee shall issue receipts to the Holders;

(i) prior to the occurrence of an Event of Default with respect to the Securities of any series and after the curing or waiving of all such Events of Default which may have occurred, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, Coupon, other evidence of indebtedness or other paper or document, or any investigation ofthe books and records of the Corporation (but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to miike such further inquiry or investigation, it shall be entitled on reasonable notice to examine the books, records and premises of the Corporation, personally or by agent or attorney), unless requested to do so by the Act of the Holders of a majority in aggregate principal amount of the Securities of such affected series then Outstanding; provided, however, that the Trustee may require indemnity satisfactory to the Trustee, acting reasonably, against the costs, expenses or liabilities likely to be incurred by it in the making of such investigation; and

(j) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys; and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(k) the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(l) the Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a Default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture;

(m) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, arid shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder;

(n) the Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sigh an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded; and

(o) in no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit).

Section 6.03 Protection of Trustee

By way of supplement to the provisions of any law for the time being relating to trustees, it is expressly declared and agreed as follows:

(i) the recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Corporation, and neither the Trustee nor any Authenticating Agent shall be liable for or assume any responsibility for their correctness; .

(ii) the Trustee makes no representations as to, and shall not be liable for, the validity or sufficiency of this Indenture or of the Securities or Coupons;

(iii) neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Corporation of any of the Securities or Coupons or of the proceeds thereof;

(iv) nothing herein contained shall impose any obligation on the Trustee to see or to require evidence of registration or filing (or renewals thereof) of this Indenture or any instrument ancillary or supplemental hereto;

(v) the Trustee shall not be bound to give any notice of the execution hereof;

(vi) the Trustee shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of the covenants herein contained or of any act of the agents or servants of the Corporation;

(vii) the Corporation shall indemnify the Trustee, its directors, officers and employees for, and hold it harmless against, any and all loss, liability or expense, including taxes (other than taxes based upon the income of the

Trustee) incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim (whether asserted by the Corporation, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder; and

(viii) the Corporation will pay the Trustee from time to time such compensation for all services hereunder as the parties shall agree from time to time and will repay to the Trustee on demand all expenditures or advances whatever that the Trustee may reasonably make or incur in and about the execution of the trusts hereby created (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

As security for the performance of the obligations of the Corporation under Sections 6.03(vii) and 6.03(viii), the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of (and premium, if any) or interest on particular Securities. The obligations of the Company under this Section shall survive the satisfaction and discharge of this Indenture and the resignation or removal of the Trustee.

Section 6.04 Trustee Not Required to Give Security

The Trustee shall not be required to give security for the execution of the trusts or its conduct or administration hereunder.

Section 6.05 No Person Dealing with Trustee Need Inquire

No person dealing with the Trustee shall be concerned to inquire whether the powers that the Trustee is purporting to exercise have become exercisable, or whether any money remains due upon the Securities or to see to the application of any money paid to the Trustee.

Section 6.06 May Hold Securities

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Corporation, in its individual or in any other capacity; may become the owner or pledgee of Securities or Coupons and, subject to Section 6.08, may otherwise deal with the Corporation with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent, and without being liable to account for any profit made thereby.

Section 6.07 Money Held In Trust

Money held in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Corporation.

Section 6.08 Disqualification; Conflicting Interest

The Trustee for the Securities of any series issued hereunder shall be subject to the provisions of Section 310(b) of the Trust Indenture Act during the period of time provided for therein. In determining whether the Trustee has a conflicting interest as defined in Section 310(b) of the Trust Indenture Act with respect to the Securities of any series, there shall be excluded for purposes of the conflicting interest provisions of such Section 310(b) the Securities .of every other series issued under this Indenture. Nothing herein shall prevent the Trustee from filing with the Commission the application referred to in the second to last paragraph of Section 310(b) of the Trust Indenture Act.

Section 6.09 Corporate Trustee Required; Eligibility

There shall at all times be a Trustee hereunder for each series of Securities which shall be (i) a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers and subject to supervision or examination by United States federal or State authority, or (ii) a corporation or other Person organized and doing business under the laws of any other government which is permitted to act as Trustee pursuant to any rule, regulation or order of the Commission, authorized under such laws to exercise corporate trust powers and subject to supervision or examination by an authority of such government, or a political subdivision thereof, substantially equivalent to the supervision or examination applicable to an institution described in clause (i) above, in each case under clauses (i) and (ii) having a combined capital and surplus of at least $50,000,000 and its Corporate Trust Office in New York, New York, provided that there shall be such a corporation or other Person in such location willing to act upon customary and reasonable terms. If such corporation or other Person publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such corporation or other Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Neither the Corporation nor any Person directly or indirectly controlling, controlled by or under common control with the Corporation shall serve as Trustee. For purposes of the preceding sentence, the term "control shall mean the power to direct the management and policies of a Person directly or through one or more intermediaries, whether through the ownership of voting securities, by contract, or otherwise, and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 6.10 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 6.11.

(b) The Trustee may resign its trust and be discharged from all further duties and liabilities hereunder at any time with respect to the Securities of one or more series by giving to the Corporation three months' notice in writing or such shorter notice as the Corporation may accept as sufficient. If the instrument of acceptance by a successor Trustee required by Section 6.11 shall not have been delivered to the Trustee within 90 days after the giving of such notice of resignation, the resigning Trustee at the expense of the Corporation may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time with respect to the Securities of any series by the Act of the Holders of a majority in aggregate principal amount of the Securities of such series then Outstanding delivered to the Trustee and to the Corporation. If the instrument of acceptance by a successor Trustee required by Section 6.11 shall not have been delivered to the Trustee within 90 days after such removal, the Trustee at the expense of the Corporation may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(d) If at any time:

(i) the Trustee shall fail to comply with Section 310(b) of the Trust Indenture Act pursuant to Section 6.08 with respect to the Securities of any series after written request therefor by the Corporation or by any Holder who has been a *bona fide* Holder of a Security of such series for at least six months; or

(ii) the Trustee shall cease to be eligible under Section 6.09 and shall fail to resign after written request therefor by the Corporation or by any such Holder; or

(iii) the Trustee shall be dissolved, shall become incapable of acting or shall become or be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case (a) the Corporation by a Directors' Resolution may remove the Trustee with respect to the Securities of any or all series, as appropriate, or (b) subject to Section 5.15, any Holder who has been a *bona fide* Holder of a Security of an affected series for at least six months may, on behalf of such Holder and all other Holders similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Corporation, by a Directors' Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of such series and shall comply with the applicable requirements of Section 6.11. If within one year after such

resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in aggregate principal amount of the Securities of such series then Outstanding delivered to the Corporation and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 6.11, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Corporation with respect to the Securities of such series. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Corporation or the Holders and accepted appointment in the manner required by Section 6.11, any Holder who has been a *bona fide* Holder of a Security of such series for at least six months may, on behalf of such Holder and all other Holders similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(f) The Corporation shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series. If the Corporation shall fail to give such notice within 10 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be given at the expense of the Corporation. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

Section 6.11 Acceptance of Appointment by Successor

(a) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more series, each successor Trustee so appointed shall execute, acknowledge and deliver to the Corporation and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee with respect to such applicable series of the Securities shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to such applicable series; but, on the request of the Corporation or the successor Trustee, such retiring Trustee shall, upon payment of its charges then unpaid, execute, acknowledge and deliver an instrument transferring to such successor Trustee all such rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more series, the Corporation, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute, acknowledge and deliver an indenture supplemental hereto in which each successor Trustee shall accept such appointment and which shall (i) contain such provisions as shall be deemed necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of each series to which the appointment of such successor

Trustee relates, (ii) if the retiring Trustee shall not be retiring with respect to the Securities of all series, contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of the series as to which the retiring Trustee shall not be retiring shall continue to be vested in the retiring Trustee and (iii) add to or change any of the provisions of this Indenture to the extent necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture (except as specifically provided for therein) shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture, the resignation or removal of the retiring Trustee shall become effective to the extent provided therein, and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of each series to which the appointment of such successor Trustee relates, and upon payment of its outstanding fees and expenses, such retiring Trustee shall duly assign, transfer and deliver to each successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of each series to which the appointment 6f such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Corporation shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all rights, powers and trusts referred to in Section 6.11(a) or (b), as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 6.12 Merger, Consolidation, Amalgamation or Succession to Trustee

Any corporation into Which the Trustee may be merged or with which it may be consolidated or amalgamated, or any corporation resulting from any merger, consolidation or amalgamation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or instrument or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as though such successor Trustee had itself authenticated such Securities.

Section 6.13 Appointment of Authenticating Agent

The Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of the Securities which shall be authorized to act on behalf of, and subject

to the direction of, the Trustee to authenticate the Securities of such series, including Securities issued upon original issue, exchange, registration of transfer or partial redemption thereof or pursuant to Section 3.06; and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as though authenticated by the Trustee. ·Wherever reference is made in this Indenture to the authentication and delivery of the Securities of any series by the Trustee or to the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by any Authenticating Agent for such series and a certificate of authentication executed on behalf of the Trustee by such· Authenticating Agent. Each Authenticating Agent shall be acceptable to the Corporation and shall at all times be either (i) a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50;000,000 and subject to supervision or examination by Federal or State authority or (ii) a corporation or other Person organized and doing business under the laws of Canada or any province thereof or England or Luxembourg, authorized under such laws to act as Authenticating Agent, having a combined capital · and surplus of not less than $50,000,000 and subject to supervision or examination by governmental authority of its jurisdiction of incorporation and organization. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated or amalgamated, or any corporation resulting from any merger, conversion, consolidation or amalgamation to which such Authenticating Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate agency or corporate trust business of any Authenticating Agent, shall be the successor to such Authenticating Agent with respect to all series of the Securities for which it served as Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or such Authenticating Agent.

Any Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Corporation. The Trustee may at any time terminate the appointment of any Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Corporation. Upon receiving such notice of resignation or upon such termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Corporation and shall, at the expense of the Corporation, provide notice of such appointment to all Holders of the Securities affected thereby in the manner provided in Section 6.10 with respect to the

appointment of a successor Trustee. Any successor Authenticating Agent, upon acceptance of its appointment hereunder, shall become vested with all the rights, powers .. and duties of its predecessor hereunder, with like effect as though originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Corporation agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services hereunder.

Section 6.14 Notice of Defaults

Within 30 days after the occurrence of any default hereunder with respect to Securities of any series, the Trustee shall transmit by mail to all Holders Securities of such series, as their mimes and addresses appear in the Security Register, notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Security of such series or in payment of any sinking or purchase fund installment or analogous obligation with respect to Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Holders Securities of such series; and provided, further, that in the case of any default of the character specified in Section 5.01(3) with respect to Securities of such series no such notice to Holders of Securities of such series shall be given until at least 60 days after the occurrence thereof. For the purpose of this Section, the term "default", with respect to Securities of any series; means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

ARTICLE SEVEN
CONSOLIDATION, MERGER, AMALGAMATION, SALE OR TRANSFER

Section 7.01 Consolidation, Merger, Amalgamation or Succession to Business

The Corporation shall not enter into any transaction (whether by way of consolidation, amalgamation, merger, transfer, sale or otherwise) whereby all or substantially all of its assets would become the property of any other Person (herein called a "Successor") unless:

(1) prior to or contemporaneously with the consummation of such transaction the Corporation and/or the Successor shall have executed such instruments, which may include a supplemental indenture, and done such things, if any, as are necessary or advisable to establish that upon the consummation of such transaction:

(i) the Successor will have assumed all the covenants and obligations of the Corporation under this Indenture in respect of the Securities of every series; and

(ii) the Securities of every series will be valid and binding obligations of the Successor entitling the Holders thereof, as against the Successor to all the rights of Holders of Securities under this Indenture;

it being understood, for greater certainty, that no supplemental indenture shall be required if the transaction in question is an amalgamation of the Corporation with any one or more corporations, which amalgamation is governed by the statutes of Canada or any province thereof and upon the effectiveness of such amalgamation, the Successor shall continue to be liable for all of the covenants and obligations of the Corporation under this Indenture in respect of the Securities of every series by operation of law;

(2) the Successor is a corporation, company, partnership, or trust organized and validly existing under the laws of Canada or any province thereof or of the United States, any state thereof or the District of Columbia;

(3) the Corporation has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such transaction and such supplemental indenture comply with this Article and all conditions precedent herein provided for relating to such transaction have been complied with; and

(4) immediately before and after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing.

Section 7.02 Successor to Possess Powers of the Corporation

Whenever the conditions of Section 7.01 hereof shall have been duly observed and performed the Successor shall possess and from time to time may exercise each and every right and power of the Corporation under this Indenture in the name of the Corporation or otherwise and any act or proceeding by any provision hereof required to be done or performed by any Director or Officer of the Corporation may be done and performed with like force and effect by the like directors or officers of the Successor.

ARTICLEEIGHT
SUPPLEMENTALINDENTURES

Section 8.01 Supplemental Indentures Without Consent of Holders

Without the consent of the Holders of any series, the Corporation, when authorized by a Directors' Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the .. Trustee, for any one or more of the following purposes:

(1) to evidence the succession of another Person, or successive successions of other Persons, to the Corporation and the assumption by any such successor of the covenants and obligations of the Corporation herein and in the Securities and the Coupons appertaining thereto;

(2) to add to the covenants of the Corporation for the benefit of the Holders of all or any series of the Securities (and if such covenants are to be for the benefit of less than all series of the Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Corporation;

(3) to add any additional Events of Default with respect to all or any series of the Securities for the .benefit of the Holders of all or any series of Securities;

(4) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of the Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons or to permit or facilitate the issuance of Securities in uncertificated form; provided that any such action shall not adversely affect the interests of the Holders of any series or any related Coupons in any material respect;

(5) to add to, change or eliminate any provision of this Indenture in respect of one or more series of Securities, provided that any such addition, change or elimination shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision;

(6) to secure the Securities and the Coupons appertaining thereto pursuant to the requirements of Section 9.01 or otherwise;

(7) to establish the form or forms and the terms of the Securities of any series as permitted by Sections 2.01 and 3.01;

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or

facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 6.11; or

(9) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture which may be defective or inconsistent with any other provision herein or in any supplemental indenture, or to make any other provisions as may be necessary or desirable, including the making of any modifications in the form of the Securities and the Coupons appertaining thereto, provided that such action shall be not prejudicial, in any material respect, to the interests of the Holders· of the Securities of any series or the Coupons appertaining thereto.

Section 8.02 Supplemental Indentures With Consent of Holders

With the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of each series then Outstanding and affected by such supplemental indenture {voting as one class), by Act of such Holders delivered to the Corporation and the Trustee, the Corporation, when authorized by a Directors'· Resolution, and the Trustee, at any time or from time to time, shall enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or any supplemental indenture or of modifying in any manner the rights of the Holders of the Securities of each such series or of the Coupons appertaining thereto; provided, however, that no such supplemental indenture shall, without the consent of all Holders of all Outstanding Securities affected thereby,

(1) change the Stated Maturity of the principal of, or any installment or principal of or interest on, such Security,

(2) reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof,

(3) reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 5.02,

(4) change any Place of Payment where, or the coin or currency in which, such Security or any premium or interest thereon is payable,

(5) impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date),

(6) reduce the percentage in principal amount of the Outstanding Securities of such series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain Events of Default hereunder and their consequences) provided for in this Indenture, or

(7) modify any of the provisions of this Section or Section 5.14, except to increase any such percentage or adversely affect any right to convert or exchange any Security or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby, provided, however, that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to "the Trustee", in accordance with the requirements of Sections 6.11 and 8.01(8) and concomitant changes in this Section, or the deletion of this proviso.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more (but less than all) series of the Securities, or which modifies the rights of the Holders of such series or of the Coupons appertaining thereto with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of the Securities of any other series or of the Coupons appertaining thereto.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 8.03 Execution of Supplemental Indentures

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be provided with, and (subject to Section 6.01) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 8.04 Effect of Supplemental Indentures

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of the Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 8.05 Reference in Securities to Supplemental Indentures

The Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Corporation shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Corporation, to any such supplemental indenture may be prepared and executed by the Corporation and

authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

Section 8.06 Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

Section 8.07 Notice of Supplemental Indentures.

Promptly after the execution by the Corporation and the Trustee of any supplemental indenture pursuant to the provisions of Section 8.02, the Corporation shall give notice thereof to the Holders of each Outstanding Security affected, in the manner provided for in Section 1.07, setting forth in general terms the substance of such supplemental indenture.

ARTICLE NINE
COVENANTS OF THE CORPORATION

Section 9.01 General Covenants

The Corporation hereby covenants and agrees that, subject to all the provisions of this Indenture:

(**1**) it will duly and punctually pay or cause to be paid to the Holder of every. Security of each series the principal thereof, premium thereon, if any, and interest accrued thereon and, in case of default, interest on the amount in default, on the dates and at the places, in the money and in the manner mentioned herein and in such Securities;

(2) in order to prevent any accumulation after the Stated Maturity of interest, it will not, directly or indirectly, extend or assent to the extension of time for payment of any interest upon any Security, and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding such interest or in any other manner; and

(3) so long as any of the Securities remain outstanding, it will not, and will not permit any Subsidiary to, create, assume or otherwise have outstanding any Security Interest, except for Permitted Encumbrances, on or over any present or future Railway Properties of the Corporation or any of its Subsidiaries or on any shares in the capital stock of any Railroad Subsidiary securing any Indebtedness of any Person without also at the same time or prior thereto securing equally and ratably with such other Indebtedness all of the Securities then Outstanding under the Indenture.

Section 9.02 Certificates of Compliance

The Corporation shall deliver to the Trustee annually within 120 days (or such longer period as the Trustee in its discretion may consent to) after the end of each fiscal year, and at any other reasonable time if the Trustee so requires, an Officers' Certificate stating that the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, non-compliance with which would, with the giving of notice or the lapse of time, or both, constitute an Event of Default hereunder or, if the Corporation has not complied with all such requirements, giving particulars as to each non-compliance.

Section 9.03 Maintenance of Office or Agency

The Corporation will maintain in each Place of Payment for the Securities of any series an office or agency where Securities of that series may be present d or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Corporation in respect of the Securities of that series and this Indenture may be served. The Corporation will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Corporation shall fail to maintain any

such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Corporation hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Corporation may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Corporation of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Corporation will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

Section 9.04 Money for Securities Payments to Be Held In Trust

If the Corporation shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of or any premium or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and any premium and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its actions or failure so to act.

Whenever the Corporation shall have one or more Paying Agents for any series of Securities, it will, prior to each due date of the principal of or any premium or interest on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay such amount, and (unless such Paying Agent is the Trustee) the Corporation will promptly notify the Trustee of its action or failure so to act.

The Corporation will cause each Paying Agent for the Securities of any series other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will, during the continuance of any default by the Corporation (or any other obligor upon the Securities of that series) in the making of any payment in respect of the Securities of that series, upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Securities of that series.

The Corporation may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Corporation Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Corporation or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Corporation or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Corporation, in trust for the payment of the principal of or any premium or interest on any Security of any series and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Corporation on Corporation Request, or (if then held by the Corporation) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Corporation for payment of such principal, premium or interest on such Security and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Corporation as trustee thereof,.shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Corporation cause to be published once, in an Authorized Newspaper in Canada, if required, and, if required, The City of New York and, if required, the United Kingdom and, if required, Luxembourg, notice that such money remains unclaimed and that, after a date specified therein, which shall be not less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Corporation.

Section 9.05 Maintenance of Corporate Existence

Subject to Article Seven, the Corporation will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence in good standing and will conduct its business in a prudent manner.

Section 9.06 Payment of Taxes and Other Claims

The Corporation will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all material taxes, assessments and governmental charges levied or imposed upon the Corporation or upon the income, profits or assets of the Corporation, and (ii) all lawful claims against the Corporation for labor, materials and supplies which, if unpaid, might by law become a lien upon the assets of the Corporation; provided, however, that the Corporation shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

Section 9.07 Additional Amounts

All payments made by the Corporation under or with respect to the Securities will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the Government of Canada or of any province or territory thereof or by any authority or agency therein or thereof having power to tax (hereinafter "Canadian Taxes"), unless the Corporation is required to withhold or deduct Canadian Taxes by law or by the interpretation or administration thereof. If the Corporation is so required to withhold or deduct any amount for or on account of Canadian Taxes from any payment made under or with respect to the Securities, the Corporation will pay as additional interest such additional amounts ("Additional Amounts") as may be necessary so that the

net amount received by each Holder after such withholding or deduction (and after deducting any Canadian Taxes on such Additional Amounts) will not be less than the amount the Holder would have received if such Canadian Taxes had not been withheld or deducted. However, no Additional Amounts will be payable with respect to a payment made to a Holder (such Holder, an "Excluded Holder") in respect of the beneficial owner thereof:

(i) with which the Corporation does not deal at arm's length (within the meaning of the Income Tax Act (Canada)) at the time of making such payment;

(ii) which is subject to such Canadian Taxes by reason of the Holder being a resident, domicile or national of, or engaged in business or maintaining a permanent establishment or other physical presence in or otherwise having some connection with Canada or any province or territory thereof otherwise than by the mere holding of Securities or the receipt of payments thereunder; or

(iii) which is subject to such Canadian Taxes by reason of the Holder's failure to comply with any certification, identification, information, documentation or other reporting requirements if compliance is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in the rate of deduction or withholding of, such Canadian Taxes.

The Corporation will also:

(i) make such withholding or deduction; and

(ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

The Corporation will furnish to the Holders of the Securities, within 30 days after the date the payment of any Canadian Taxes is due pursuant to applicable law, certified copies of tax receipts or other documents evidencing such payment by the Corporation.

The Corporation will indemnify and hold harmless each Holder (other than an Excluded Holder) and upon written request reimburse each such Holder for the amount of:

(i) any Canadian Taxes so levied or imposed and paid by such Holder as a result of payments made under or with respect to the Securities;

(ii) any liability (including penalties, interest and expenses) arising therefrom or with respect thereto; and

(iii) any Canadian Taxes imposed with respect to any reimbursement under clause (i) or (ii) above, but excluding any such Canadian Taxes on such Holder's net income.

Wherever in this Indenture there is mentioned, in any context, the payment of principal (and premium, if any), interest or any other amount payable under or with respect to a Security, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

In any event, no Additional Amounts or indemnity will be payable in excess of the Additional Amounts or indemnity which would be required if the Holder was a resident of the United States for purposes of the Canada-U.S. Tax Convention (1980), as amended.

Section 9.08 Original Issue Discount

The Corporation shall provide to the Trustee on a timely basis such information as the Trustee requires to enable the Trustee to prepare and file any form 'required to be submitted by the Corporation with the Internal Revenue Service and the Holders of the Securities relating to original issue discount, including, without limitation, Form 1099-OID or any successor form.

ARTICLE TEN
REDEMPTION OF SECURITIES

Section 10.01 Applicability of Article

The Securities of any series which are redeemable before their Stated Maturity shall .be redeemable in accordance with their terms and (except as otherwise established in accordance with Section 3.01 for the Securities of a particular series) in accordance with this Article.

Section 10.02 Election to Redeem; Notice to Trustee

The election of the Corporation to redeem any Securities shall be evidenced by a Directors' Resolution. In case of any redemption at the election of the Corporation ofless than all the Securities of any series, the Corporation shall, at least 60 days prior to the Redemption Date fixed by the Corporation (unless a shorter notice shall be acceptable to the Trustee), notify the Trustee of such Redemption Date and of the principal amountof the Securities of such series to be redeemed and, if applicable, of the tenor of the Securities to be redeemed. Such notice shall be irrevocable. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Corporation shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction .

Section 10.03 Selection by Trustee of Securities to be Redeemed

If less than all the Securities of any series are to be redeemed (unless all of the Securities of such series and of a specified tenor are to be redeemed), the particular Securities to be redeemed shall be selected, not more than 60 days prior to the Redemption Date, by the Trustee from among the Outstanding Securities of such series (and, if applicable, of the specified tenor) not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the minimum authorized denomination for the Securities of such series or any integral multiple thereof) of the principal amount of the Securities of such series of -a denomination larger than the minimum authorized denomination for the Securities of such series.

The Trustee shall promptly notify the Corporation in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed .

Section 10.04 Notice of Redemption

Notice of redemption to the Holders of Registered Securities of any series to be redeemed shall be given by mailing notice of such redemption by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the Redemption Date, to such Holders at their addresses as they shall appear on the Security Register. Notice of redemption to the Holders of Unregistered Securities of any series to be redeemed who have filed their names and addresses with the Trustee shall be given by mailing notice of such redemption by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the Redemption Date, to such Holders at such filed addresses. Notice of redemption to all other Holders of Unregistered Securities of any series shall be given by publication in an Authorized Newspaper in Canada, if required, and, if required, The City of New York, and, if required, the United Kingdom and, if required, Luxembourg, in each case once in each of two successive calendar weeks, the first publication to be not less than 30 days and not more than 60 days prior to the Redemption Date. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice. Failure to give notice by mail, or any defect in the notice to the Holder of any Security of any series designated for redemption in whole or in part, shall not affect the validity of the proceedings for the redemption of any other Security of such series.

All notices of redemption shall state:

(i) the Redemption Date;

(ii) the Redemption Price;

(iii) the accrued and unpaid interest;

(iv) the CUSIP or similar number of the Securities to be redeemed;

(v) if less than all of the Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption, the portions of the principal amounts) of the particular Securities to be redeemed;

(vi) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and that interest thereon will cease to accrue on and after such date;

(vii) the place or places where such Securities are to be surrendered for payment of the Redemption Price;·

(viii) that the redemption is for a sinking or analogous fund, if such is the case;

(ix) in case any Security is to be redeemed in part only, the notice which relates to such Security shall state that on and after the Redemption Date,

upon surrender of such Security, the holder will receive, without charge, a new Security or Securities of authorized denominations for the principal amount thereof remaining unredeemed;

(x) that, unless otherwise specified in such notice, Unregistered Securities of any series, if any, surrendered for redemption must be accompanied by all Coupons maturing subsequent to the Redemption Date or the amount of any such missing Coupon or Coupons will be deducted from the Redemption Price unless security or indemnity satisfactory to the Corporation, the Trustee and any Paying Agent is furnished; and

(xi) if Unregistered Securities of any series are to be redeemed and any Registered Securities of such series are not to be redeemed, and if such Unregistered Securities may be exchanged for Registered Securities not subject to redemption on such Redemption Date pursuant to Section 3.05 or otherwise, the last date, as determined by the Corporation, on which such exchanges may be made.

Each notice of redemption of Securities to be redeemed at the election of the Corporation shall be given by the Corporation or, at the Corporation's request, such request to be delivered at least 5 Business Days prior to the date of the publication of the notice (or such shorter period as the Trustee may agree to), by the Trustee in the name and at the expense of the Corporation.

Section 10.05 Deposit of Redemption Price

Prior to I0 a.m. on any Redemption Date, the Corporation shall deposit with the Trustee or with a Paying Agent (or, if the Corporation shall be acting as its own Paying Agent, segregate and hold in trust as provided in Section 9.05) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on the Redemption Date.

Section 10.06 Securities Payable on Redemption Date

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified in the Currency in which the Securities of such series are payable (together with accrued interest, if any, to the Redemption Date), and from and after such date (unless the Corporation shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest, and the unmatured Coupons, if any, appertaining thereto shall be void. Upon surrender of any such Security for redemption in accordance with such notice, together with all Coupons, if any, appertaining thereto maturing after the Redemption Date, such Security shall be paid by the Corporation at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that, unless otherwise specified as contemplated by Section 3.01, installments of interest whose Stated Maturity is on or prior to the

Redemption Date shall be payable, in the case of Unregistered Securities with Coupons attached thereto, to the Holders of the Coupons for such interest upon the surrender thereof or, in the case of Registered Securities, to the Holders of such Registered Securities, registered as such at the close of business on the relevant Regular or Special Record Dates according to their terms and the provisions of Section 307.

If any Unregistered Security surrendered for redemption shall not be accompanied by all appurtenant Coupons maturing after the Redemption Date, such Security may be paid after deducting from the Redemption Price an amount equal to the face amount of all such missing Coupons, or the surrender of such missing Coupon or Coupons may be waived by the Corporation and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to the Trustee or any Paying Agent any such missing Coupon in respect of which a deduction shall have been made from the Redemption Price, such Holder shall be entitled to receive the amount so deducted; provided, however, that interest represented by Coupons shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 9.04) and, unless otherwise specified as contemplated by Section 3.01, only upon presentation and surrender of those Coupons.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the same rate specified in such Security as the rate of interest (or Yield to Maturity, in the case of Original Issue Discount Securities).

Section 10.07 Securities Redeemed In Part

Any Security which is to be redeemed only in part shall be surrendered at an office or agency of the Corporation at a Place of Payment therefor (with, if the Corporation or the Trustee shall so require in the case of a Registered Security, due endorsement by, or a written instrument of transfer in form satisfactory to the Corporation and the Trustee duly executed by, the Holder thereof or other appropriate person), and the Corporation shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge, a new Security or Securities of the same series and of like tenor, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

Section 10.08 Redemption at the Option of the Corporation for Taxation Reasons

The Securities of a series will be subject to redemption in whole, but not in part, at the option of the Corporation, at any time, on not less than 30 nor more than 60 days. prior written notice, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon to the redemption date, in the event there is more than an insubstantial risk that the Corporation has become or would become obligated to pay, on the next date on which any amount would be payable with respect to any such

Securities, any Additional Amounts as a result of an amendment to or change in the laws (including any regulations promulgated thereunder) of Canada (or any political subdivision or taxing authority thereof or therein), or any amendment to or change in any official position regarding the application or interpretation of such laws or regulations, which change is announced or becomes effective on or after the date of the applicable prospectus by which such Securities are offered and sold. No redemption shall be made pursuant to this paragraph unless:

(i) The Corporation shall have received an opinion of independent Counsel that there is more than an insubstantial risk that Additional Amounts will be payable on the next payment date in respect of such series of Securities;

(ii) The Corporation shall have delivered to the Trustee an Officers' Certificate stating that the Corporation is entitled to redeem such Securities pursuant to the terms of such series of Securities; and

(iii) At the time such notice of redemption is given, such obligation to pay such Additional Amounts remains in effect.

ARTICLE ELEVEN
SINKING FUNDS

Section 11.01 Applicability of Article

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of any series, except as otherwise established in accordance with Section 3.01 for the Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of the Securities of any series is in this Section referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of the Securities of any series is in this Section referred to as an "optional sinking. fund payment". The date on which any sinking fund payment is to be made is in this Section referred to as the "sinking fund. payment date". If so provided by the terms of the Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 11.02. Each sinking fund payment in respect of the Securities of any series shall be applied to the redemption of the Securities of such series as provided for by the terms of the Securities of such series.

Section 11.02 Satisfaction of Sinking Fund Payments with Securities

Subject to Section 11.03, in lieu of making all or any part of any mandatory sinking fund payment with respect to the Securities of any series in cash, the Corporation. may at its option (i) deliver to the Trustee Securities of such series theretofore purchased or otherwise acquired (except upon redemption pursuant to any mandatory sinking fund payment) by the Corporation or receive credit for Securities of such series (not previously so credited) theretofore purchased or otherwise acquired (except as aforesaid) by the Corporation and delivered to the Trustee for cancellation pursuant to Section 3.09; (ii) receive credit for any optional sinking fund payments (not previously so credited) made pursuant to this Section; or (iii) receive credit for any Securities of such series (not previously so credited) redeemed by the Corporation through any optional redemption provision contained in the terms of such series. Such Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund therefor and the amount of such mandatory sinking fund payment shall be reduced accordingly.

Section 11.03 Redemption of Securities for Sinking Fund

Not less than 60 days prior to each sinking fund payment date for the Securities of any series, the Corporation will deliver to the Trustee an Officers' Certificate (which need not contain the statements required by Section 1.02) (i) specifying the portion of the mandatory sinking fund payment due on such sinking fund payment date satisfied by the payment of cash and the portion to be satisfied by credit of Securities of such series pursuant to Section 11.02, (ii) stating that none of the Securities of such series to be so credited has theretofore been so credited, and (iii) stating whether or not the Corporation intends to exercise its right to make an optional sinking fund payment on such date with

respect to such series and, if so, specifying the amount of such optional sinking fund payment. Any Securities of such series to be so credited and required to be delivered to the Trustee in order for the Corporation to be entitled to credit therefor which have not theretofore been delivered to the Trustee shall be delivered for cancellation pursuant to Section 3.09 to the Trustee with such Officers' Certificate. Such Officers' Certificate shall be irrevocable, and upon its receipt by the Trustee the Corporation shall become unconditionally obligated to make all the cash payments and other deliveries therein referred to on or before the next succeeding sinking fund payment date. Failure by the Corporation, on or before such 60th day, to deliver such Officers' Certificate and Securities, if any, shall not constitute a default hereunder, but shall constitute, on and as of such 60th day, the irrevocable election by the Corporation that (i) the mandatory sinking fund payment for the Securities of such series due on the next succeeding sinking fund payment date shall be paid entirely in cash and (ii) the Corporation will make no optional sinking fund payment with respect to the Securities of such series on such date. Not more than 60 days prior to each sinking fund payment date with respect to the Securities of any series, the Trustee shall select the Securities of such series to be redeemed upon such sinking fund payment date in the manner specified in Section 10.03 (the Trustee's decision as to such selection for redemption being final and binding on all parties) and cause notice of the redemption thereof to be given in the name and at the. expense of the Corporation in the manner provided in Section 10.04. Such notice of redemption having been duly given, the redemption of the Securities of such series to be redeemed shall be made upon the terms and in the manner stated in Sections 10.05, 10.06 and 10.07.

ARTICLE TWELVE
DEFEASANCE AND COVENANT DEFEASANCE

Section 12.01 Corporation's Option to Effect Defeasance or Covenant Defeasance

Except as otherwise specified as contemplated by Section 3.01 for Securities of any series, the provisions of this Article Twelve shall be applicable to the Securities of each series; and the Corporation may at any time, at its option, by Directors' Resolution elect to have either Section 12.02 or Section 12.03 applied to the outstanding Securities of any series upon compliance with the applicable conditions set forth in this Article Twelve.

Section 12.02 Defeasance and Discharge

Upon the Corporation's exercise of the option provided in Section 12.01 to defease the Securities of a particular series, the Corporation shall be discharged from its obligations with respect to the Securities of such series on the date that the applicable conditions set forth in Section 12.04 shall be satisfied. The term "defeasance" means that the Corporation shall be deemed to have paid and discharged the entire indebtedness represented by the Securities of such series and all Coupons appertaining thereto and to have satisfied all its other obligations under such Securities and Coupons and this Indenture insofar as such Securities and Coupons shall be concerned; and the Trustee, at the expense of the Corporation, shall execute proper instruments acknowledging the same; provided, however, that the following rights, obligations, powers, trusts, duties and immunities shall survive until otherwise terminated or discharged hereunder: (i}the rights of the Holders of the Securities of such series and such Coupons to receive, solely from the trust fund provided for in Section 12.04, payments in respect of the principal of (and premium, if any) and interest on such Securities and Coupons when and as such payments shall become due, (ii) the Corporation's obligations with respect to such Securities and Coupons under Sections 3.04, 3.05, 3.06 and 9.05, (iii) the rights, powers, trusts, duties and immunities of the Trustee hereunder, (iv) the rights and obligations under this Article Twelve and (v) the rights and obligations described in the second paragraph of Section 4.01. Subject to compliance with this Article Twelve, the Corporation may exercise its option with respect to defeasance under this Section 12.02 notwithstanding the prior exercise of its option with respect to covenant defeasance under Section 12.03 with respect to the Securities of such series.

Section 12.03 Covenant Defeasance

Upon the Corporation's exercise of the option provided in Section 12.01 to obtain a covenant defeasance with respect to the Securities of a particular series, the Corporation shall be released from its obligations under Sections 9.01(3), 9.04, 9.07 and 9.08 with respect to the Securities of such series on and after the date that the applicable conditions set forth in Section 12.04 shall be satisfied. The term "covenant defeasance" means that, with respect to the Securities of such series, the Corporation may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in

. Sections 9.01(3), 9.04, 9.07 and 9.08, whether directly or indirectly by reason of any reference elsewhere herein to such Section or Article or by reason of any reference in such Section or Article to any other provision herein or in any other document, and such omission to comply shall not constitute an Event of Default under Section 5.01 with respect to the Securities of such series; but the remaining provisions of this Indenture and the other terms of the Securities of such series shall be unaffected thereby.

Section 12.04 Conditions to Defeasance or Covenant Defeasailce

The following shall be the conditions to defeasance under Section 12.02 and covenant defeasance under Section 12.03 with respect to the Securities of a particular series:

(1) The Corporation shall have irrevocably deposited or caused to be deposited with the Trustee as a trust fund in trust for the purpose of making the payments described below, and dedicated solely to, the benefit of the Holders of the Securities of such series: (i) the Required Currency in an amount, or (ii) Government Obligations which, through scheduled payments of principal and interest in respect thereof in accordance with their terms, will assure, not later than one day before the due date of any payment, cash in an amount, or (iii) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent chartered accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee to pay and discharge: (A) the principal of (and premium, if any, on) and each installment of principal of (and premium, if any) and interest on the Securities of such series and the Coupons appertaining thereto on the Stated Maturity of such principal or installment of principal or interest; and (B) any mandatory sinking fund payments or analogous payments applicable to the Securities of such series on the dates on which such payments shall become due and payable in accordance with the terms of this Indenture and of such Securities. Before such a deposit, the Corporation may give to the Trustee, in accordance with Section 10.02 hereof, a notice of its election to redeem all or any portion of such Outstanding Securities at a future date in accordance with the terms of such Securities and Article Ten hereof, which notice shall be irrevocable.· Such irrevocable redemption notice, if given, shall be given effect in applying the foregoing.

(2) No Event of Default or event which, with notice or lapse of time or both, would become an Event of Default with respect to the Securities of such Series shall have occurred and be continuing on the date of such deposit or, insofar as Section 5.01(5) is concerned, at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(3) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Corporation is a party or by which it is bound.

(4) Such defeasance or covenant defeasance shall not cause any Securities of such series then listed on any national securities exchange registered under the U.S. Securities Exchange Act of 1934, as amended, to be delisted.

(5) In the case of a defeasance, the Corporation shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States stating that (A) if the deposit referred to in paragraph (1) above shall include Government Obligations in respect of any government other than the United States of America, such deposit shall not result in the Corporation, the Trustee or such trust constituting an "investment company" under the U.S. Investment Company Act of 1940, as amended, and (B) (i) the Corporation has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of this Indenture, there has been a change in the applicable United States federal income tax laws or regulations in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the Securities of such series and the Coupons appertaining thereto will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

(6) In the case of a covenant defeasance, the Corporation shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States to the effect that (A) if the deposit referred to in paragraph (I) above shall include Government Obligations in respect of any government other than the United States of America, such deposit shall not result in the Corporation, the Trustee or such trust constituting an "investment company" under the U.S, Investment Company Act of 1940, as amended and (B) the Holders of Securities of such series then Outstanding and the Coupons appertaining thereto will not recognize income, gain or loss for United States federal income tax purposes as a result of such covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

(7) The Corporation has delivered to the Trustee an Opinion of Counsel qualified to practice law in Canada or a ruling from the Canada Customs and Revenue Agency to the effect that the Holders of the Securities of such series then Outstanding will not recognize income, gain or loss for Canadian federal or provincial income or other Canadian tax purposes as a result of such defeasance or covenant defeasance and will be subject to Canadian federal or provincial income and other Canadian tax on the same amounts, in the same manner and at the same times as would have been the case had such defeasance or covenant defeasance, as the case may be, not occurred (and for the purposes of such opinion, such Canadian counsel shall assume that Holders of such series then Outstanding include Holders who are not resident in Canada).

(8) The Corporation shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided

for in this Section 12.04 relating to either the defeasance under Section 12.02 or the covenant defeasance under Section 12.03, as the case may be, have been satisfied.

(9) The Corporation is not an "insolvent person" within the meaning of the Bankruptcy and Insolvency Act (Canada) on the date of such deposit or at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(l0) The Corporation has delivered to the Trustee an Opinion of Counsel to the effect that such deposit shall not cause the Trustee or the trust so created to be subject to the Investment Company Act of 1940, as amended.

Section 12.05 Deposited Money and Government Obligations to be Held In Trust; Other Miscellaneous Provisions

Subject to the provisions of the last paragraph of Section 9.05, all money and Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee (collectively, for the purposes of this Section 12.05, the "Trustee")) pursuant to Section 12.04 in respect of the Securities of a particular series then Outstanding and the Coupons appertaining thereto shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and Coupons and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Holders of such Securities and Coupons of all sums due and to become due thereon in respect of principal (and premium, if any) and interest, but such money need not be segregated from other funds except to the extent required by law.

The Corporation shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to Section 12.04 or the principal and interest received in respect thereof, other than any such tax, fee or other charge which by law is for the account of the Holders of the Securities and the Coupons for whose benefit such Government Obligations are held.

Anything in this Article Twelve to the contrary notwithstanding, the Trustee shall deliver or pay to the Corporation from time to time, upon Corporation Request, any money or Government Obligations held by it as provided in Section 12.04 which, in the opinion of a nationally recognized firm of independent chartered accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited for the purpose for which such money or Government Obligations were deposited.

Section 12.06 Reinstatement

If the Trustee or any Paying Agent is unable to apply any money in accordance with Section 12.05 by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Corporation's obligations under this Indenture and such Securities shall be revived and

reinstated as though no deposit had occurred pursuant to Section 12.04 until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 12.05; provided, however, that if the Corporation makes any payment of principal of or interest on any such Security following the reinstatement of its obligations, the Corporation shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE THIRTEEN
MEETINGS OF HOLDERS

Section 13.01 Purposes for which Meetings May be Called

A meeting of the Holders of the Securities of one or more series may be called at any time and from time to time pursuant to the provisions of this Article for one or more of the following purposes:

(1) to give any notice to the Corporation or to the Trustee, to give any directions to the Trustee, to consent to the waiving of any Event of Default hereunder and its consequences or to take any other action authorized to be taken by the Holders of the Securities of such series pursuant to any of the provisions of Article Five;

(2) to remove the Trustee and appoint a successor Trustee with respect to the Securities of such series pursuant to the provisions of Article Six;

(3) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 8.02; or

(4) to take any other action required or permitted to be taken by or on behalf of the Holders of any specified percentage of the aggregate principal amount of the Securities of such series under any other provision of this Indenture or under applicable law.

Section 13.02 Convening of Meetings

The Trustee or the Corporation may at any time and from time to time, and the Trustee shall on requisition in writing made by the Corporation or by the Holders of at least 25% of the aggregate principal amount of the Securities of one or more series then Outstanding, convene a meeting of the Holders of the Securities of such series to take any action specified in Section 13.01. In the event of the Trustee failing to convene a meeting within 21 days after the receipt of requisition made as aforesaid, the Corporation or the Holders of at least 25% of the aggregate principal amount of the Securities of such series, as the case may be, may convene such meeting. Every such meeting shall be held in The City of New York or at such other place as the Trustee may approve.

Section 13.03 Notice

Notice of every such meeting, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given by the Trustee or, in the event of the Trustee failing to convene a meeting specified in Section 13.02, by the Corporation or such Holders, not less than 21 and not more than 120 days prior to the date fixed for such meeting (i) if any Unregistered Securities of any affected series are then Outstanding, to the Holders thereof by publication of such notice at least twice in an Authorized Newspaper in such cities as the Trustee (or the Corporation or such Holders, if applicable) shall deem appropriate under the

circumstances, (ii) if any Unregistered Securities of any affected series are then Outstanding, to the Holders thereof who have filed their names and addresses with the Trustee by mailing such notice to such Holders at such addresses and (iii) if any Registered Securities of any affected series are then outstanding, by mailing such notice to such Holders at their addresses as they shall appear on the Security Register. A copy of the notice shall be sent by prepaid registered mail to the Trustee unless the meeting has been called by it and to the Corporation unless the meeting has been called by it. A Holder of Securities may waive notice of a meeting either before or after the meeting.

Section 13.04 Persons Entitled to Vote, to be Present and to Speak at Meetings

To be entitled to vote at any meeting of the Holders of the Securities of one or more series, a Person shall be (i) a Holder of one or more Securities of such series or (ii) a Person appointed by an instrument ill'writing as proxy for a Holder of one or more Securities of such series. The only Persons who shall be entitled to be present or to speak at any such meeting shall be the Persons entitled to vote at such meeting and their Counsel, any representatives of the Trustee and its Counsel and any representatives of the Corporation and its Counsel.

Section 13.05 Quorum; Action

The Persons entitled to vote a majority in principal amount of the Outstanding Securities of a series shall constitute a quorum for a meeting of Holders of such series; provided, however, that, if any action is to be taken at such meeting with respect to a consent or waiver which this Indenture expressly provides may be given by the Holders of not less than a specified percentage in principal amount of the Outstanding Securities of a series, the Persons entitled to vote such specified percentage in principal amount of the Outstanding Securities of such series shall constitute a quorum. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of such series, be dissolved. In any other case the meeting may be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Notice of the reconvening of any adjourned meeting shall be given as provided in Section 13.03, except that such notice need be given only once not less than five days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of any adjourned meeting shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Securities of such series which shall constitute a quorum.

Subject to the foregoing, at the reconvening of any meeting adjourned for lack of a quorum the Persons entitled to vote 25% in principal amount of the Outstanding Securities at the time shall constitute a quorum for the taking of any action set forth in the notice of the original meeting.

Except as limited by the proviso to Section 8.02, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may be adopted by the affirmative vote of the Holders of not less than a majority in principal amount of the Outstanding Securities of such series; provided, however, that, except as limited by the proviso to Section 8.02, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action which this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of a series may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of not less than such specified percentage in principal amount of the Outstanding Securities of such series.

Any resolution passed or decision taken at any meeting of Holders of any series duly held in accordance with this Section shall be binding on all the Holders of Securities of such series and the related Coupons, whether or not present or represented at the meeting.

Notwithstanding the foregoing provisions of this Section 13.05, if any action is to be taken at a meeting of Holders of any series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage in principal amount of all Outstanding Securities affected thereby, or of the Holders of such series and one or more additional series:

(i) there shall be no minimum quorum requirement for such meeting; and

(ii) the principal amount of the Outstanding Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action shall be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under this Indenture.

Section 13.06 Determination of Voting Rights; Conduct and Adjournment of Meetings

(1) Notwithstanding any other provision of this Indenture, the Corporation, with the approval of the Trustee, in case it convenes the meeting or the Trustee in any other case may make such reasonable regulations as it may deem advisable for any meeting of the Holders of the Securities of one or more series in regard to (i) the proof of the holding of the Securities of such series, (ii) the appointment of proxies, (iii) the appointment and duties of inspectors of votes, (iv) the submission and examination of proxies and other evidence of the right to vote and (v) such other matters concerning the conduct of such meeting as it shall deem necessary or appropriate. Except as otherwise permitted or required by any such regulation, the holding of the Securities of such series and the appointment of any proxy shall be proved in the manner specified in Section 1.04.

(2) The Trustee shall, by an instrument in writing, appoint a chairman and secretary of such meeting, unless the meeting shall have been convened by the Corporation or by Holders as provided in Section 13.02, in which case the Corporation or such Holders, as the case may be, shall in like manner appoint a chairman and secretary.

(3) At any such meeting, each Holder of the Securities of such series or the proxy therefor shall be entitled to one vote for each $1,000 principal amount of the Securities of such series held or represented by such Holder or proxy; provided, however, that no vote shall be cast or counted at any such meeting in respect of any Security of such series challenged as not Outstanding and ruled by the permanent chairman of such meeting to be not Outstanding. No chairman of such meeting shall have any right to vote thereat, except as a Holder of the Securities of such series or as a proxy therefor.

(4) At any such meeting duly called pursuant to the provisions of Section 13.02, the presence of Persons holding or representing Securities of the affected series in an aggregate principal amount sufficient to take action on the business for the transaction of which such meeting was called shall constitute a quorum; but if less than a quorum shall be present, such meeting may be adjourned from time to time by the Holders of a majority in aggregate principal amount of the Securities of such series represented and entitled to vote at such meeting, and any such adjourned meeting may be held without further notice.

Section 13.07 Manner of Voting; Recording of Action

The vote upon any resolution submitted to any meeting of the Holders of the Securities of one or more series shall be by written ballots on which shall be subscribed the signatures of such Holders or their duly authorized proxies and the principal amount or amounts of the Securities represented thereby. The permanent chairman of such meeting shall appoint two inspectors of votes, who shall count all votes cast at such meeting for or against any resolution and shall make and file with the permanent secretary of such meeting their verified written report, in duplicate, of all votes cast at such meeting. A record, in duplicate, of the proceedings of such meeting shall be prepared by the permanent secretary of such meeting, and there shall be attached to such record (i) such report of the inspectors of votes and (ii) affidavits by one or more persons, having knowledge of the facts, setting forth a copy of the notice of such meeting and showing that such notice was given as provided in Section 13.02. Such record shall be signed and verified by the affidavits of the permanent chairman and the permanent secretary of such meeting. One of such duplicate records shall be delivered to the Corporation and the other shall be delivered to the Trustee, to be preserved by the Trustee, the latter having attached thereto the ballots voted at such meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 13.08 Instrument in lieu of Resolution

Notwithstanding the foregoing provisions of this Indenture, any resolution or instrument signed in one or more counterparts by or on behalf of the Holders of the specified percentage of the aggregate principal amount of the Securities of any series

shall have the same force and effect as a resolution passed by the Holders of such specified percentage at a meeting of the Holders of Securities of such series.

Section 13.09 Evidence of Instruments of Holders

Any request, direction, notice, consent or other instrument which this Indenture may require or permit to be signed or executed by the Holders of Securities may be in any number of concurrent instruments of similar tenor signed or executed by such Holders.

The Trustee may, in it discretion, require proof of execution in cases where it deems proof desirable and may accept such proof as it shall consider proper.

Section 13.10 Binding Effect of Resolutions

Every resolution passed by the Holders of the specified percentage at a meeting of the Holders of Securities of one or more series held in accordance with the provisions herein contained shall be binding upon all the Holders of Securities of such series, whether present at or absent from such meeting, and every instrument in writing signed by Holders of the specified percentage of Securities of one or more series in accordance with Section 13.07 shall be binding upon all the Holders of Securities of such series, whether signatories thereto or not, and each and every Holder of Securities of such series and the Trustee (subject to the provisions for its indemnity herein contained) shall be bound to give effect thereto accordingly.

Section 13.11 No Delay of Rights

Nothing contained in this Article shall be deemed or construed to authorize or permit, by reason of any call of a meeting of the Holders of the Securities of one or more series, or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders of the Securities of such series under any of the provisions of this Indenture or of the Securities of such series.

Section 13.12 Waiver of Jury Trial.

Each of the Corporation and the Trustee hereby irrevocably waives; to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Indenture, the Securities or the transactions contemplated hereby.

ARTICLE FOURTEEN
REPAYMENT AT OPTION OF HOLDERS

Section 14.01 Applicability of Article

Repayment of Securities of any series before their Stated Maturity at the option of Holders thereof shall be made in accordance with the terms of such Securities and (except as otherwise specified as contemplated by Section 3.01 for Securities of any series) in accordance with this Article.

Section 14.02 Repayment of Securities.

Securities of any series subject to repayment in whole or in part at the option of the Holders thereof will, unless otherwise provided in the terms of such Securities, be repaid at a price equal to the principal amount thereof, together with interest, if any, thereon accrued to the Repayment Date specified in or pursuant to the terms of such Securities. The Corporation covenants that on or before the Repayment Date it will deposit with the Trustee or with a Paying Agent (or, if the Corporation is acting as its own Paying Agent, segregate and hold in trust as provided in Section 9.05) an amount of money in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 3.01 for the Securities of such series and except, if applicable, as provided in Sections 3.11(b), 3.11 (d) and 3.1l(e)) sufficient to pay the principal (or, if so provided by the terms of the Securities of any series, a percentage of the principal) of and (except if the Repayment Date shall be an Interest Payment Date) accrued interest, if any, on, all the Securities or portions thereof, as the case may be, to be repaid on such date.

Section 14.03 Exercise of Option.

Securities of any series subject to repayment at the option of the Holders thereof will contain an "Option to Elect Repayment" form on the reverse of such Securities. To be repaid at the option of the Holder, any Security so providing for such repayment, with the "Option to Elect Repayment" form on the reverse of such Security duly completed by the Holder (or by the Holder's attorney duly authorized in writing), must be received by the Corporation at the Place of Payment therefor specified in the terms of such Security (or at such other place or places or which the Corporation shall from time to time notify the Holders of such Securities) not earlier than 45 days nor later than 30 days prior to the Repayment Date. If less than the entire principal amount of such Security is to be repaid in accordance with the terms of such Security, the principal amount of such Security to be repaid, in increments of the minimum denomination for Securities of such series, and the denomination or denominations of the Security or Securities to be issued to the Holder for the portion of the principal amount of such Security surrendered that is not to be repaid, must be specified. The principal amount of any Security providing for repayment at the option of the Holder thereof may not be repaid in part if, following such repayment, the unpaid principal amount of such Security would be less than the minimum authorized denomination of Securities of the series of which such Security to be repaid is a part. Except as otherwise may be provided by the terms of any Security providing for

repayment at the option of the Holder thereof, exercise of the repayment option by the Holder shall be irrevocable unless waived by the Corporation.

Section 14.04 When Securities Presented for Repayment Become Due and Payable.

If Securities of any series providing for repayment at the option of the Holders thereof shall have been surrendered as provided in this Article and as provided by or pursuant to the terms of such Securities, such Securities or the portions thereof, as the case may be, to be repaid shall become due and payable and shall be paid by the Corporation on the Repayment Date therein specified, and on and after such Repayment Date (unless the Corporation shall default in the payment of such Securities on such Repayment Date) such Securities shall, if the same were interest-bearing, cease to bear interest and the Coupons for such interest appertaining to any Unregistered Securities so to be repaid, except to the extent provided below, shall be void. Upon surrender of any such Security for repayment in accordance with such provisions, together with all Coupons, if any, appertaining thereto maturing after the Repayment Date, the principal amount of such Security so to be repaid shall be paid by the Corporation, together with accrued interest, if any, to the Repayment Date; provided, however, that Coupons whose Stated Maturity is on or prior to the Repayment Date shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 9.04) and, unless otherwise specified pursuant to Section 3.01, only upon presentation and surrender of such Coupons; and provided further that, in the case of Registered Securities, installments of interest, if any, whose Stated Maturity is on or prior to the Repayment Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 3.07.

If any Unregistered Security surrendered for repayment shall not be accompanied by all appurtenant Coupons maturing after the Repayment Date, such Security may be paid after deducting from the amount payable therefor as provided in Section 14.02 an amount equal to the face amount of all such missing Coupons, or the surrender of such missing Coupon or Coupons may be waived by the Corporation and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to the Trustee or any Paying Agent any such missing Coupon in respect of which a deduction shall have been made as provided in the preceding sentence, such Holder shall be entitled to receive the amount so deducted; provided, however, that interest represented by Coupons shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 9.04) and, unless otherwise specified as contemplated by Section 3.01, only upon presentation and surrender of those Coupons.

If the principal amount of any Security surrendered for repayment shall not be so repaid upon surrender thereof, such principal amount (together with interest, if any, thereon accrued to such Repayment Date) shall, until paid, bear interest from the

Repayment Date at the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) set forth in such Security,

Section 14.05 Securities Repaid in Part

Upon surrender of any Registered Security which is to be repaid in part only, the Corporation shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge and at the expense of the Corporation, a new Registered Security or Securities of the same series, of any authorized denomination specified by the Holder, in an aggregate principal amount equal to and in exchange for the portion of the principal of such Security so surrendered which is not to be repaid.

ARTICLE FIFTEEN
HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

Section 15.01 Disclosure of Names and Addresses of Holders

Every Holder of Securities or Coupons, by receiving and holding the same, agrees with the Company and the Trustee that none of the Company or the Trustee or any agent of either of them shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with Section 312 of the Trust Indenture Act, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Section 312(b) of the Trust Indenture Act.

Section 15.02 Reports by Trustee

Within 60 days after May 15 of each year commencing with the first May 15 after the first issuance of Securities pursuant to this Indenture, the Trustee shall transmit to the Holders, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act, a brief report dated as of such May 15 if required by Section 313(a) of the Trust Indenture Act.

Section 15.03 Reports by the Company

The Company shall:

(1) file with the Trustee, within 15 days after the Parent is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe} which the Parent may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934;

(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations;

(3) Notwithstanding that the Parent may not be required to remain subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly reporting pursuant to rules and regulations promulgated by the Commission, the Company shall provide the Trustee:

(i) within 140 days after the end of each fiscal year, the information with respect to the Parent required to be contained in annual reports on Form 20-F or 40-F as applicable (or any successor form); and

(ii) within 60 days after the end of each of the first three fiscal quarters of each fiscal year, the information with respect to the Parent required to be contained in reports on Form 6-K (or any successor form) which, regardless of applicable requirements, shall, at a minimum, consist of such information required to be provided in quarterly reports under the laws of Canada or any province thereof to security holders of a company with securities listed on The Toronto Stock Exchange, whether or not the Parent has any of its securities so listed.

(4) Such information will be prepared in accordance with U.S. or Canadian disclosure requirements and U.S. or Canadian generally accepted accounting principles;

(5) transmit to all Holders, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Company pursuant to paragraphs (1), (2) and (3) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

(6) Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

IN WITNESS WHEREOF the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By: /s/ F.J. Green
F.J. Green
President and Chief Executive Officer

.

By: /s/ M.R. Lambert
M.R. Lambert
Executive Vice President and
Chief Financial Officer

THE BANK OF NEW YORK
By:

IN WITNESS WHEREOF the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By:
F.J. Green
President and Chief Executive Officer

.

By:
M.R. Lambert
Executive Vice President and
Chief Financial Officer

THE BANK OF NEW YORK

By: /s/ Bank of New York

Exhibit 4.2

Dated as of May 8, 2007

CANADIAN PACIFIC RAILWAY COMPANY

and

THE BANK OF NEW YORK

FIRST SUPPLEMENTAL INDENTURE

to the

TRUST INDENTURE

Dated as of May 8, 2007

TABLE OF CONTENTS

Page

THIS FIRST SUPPLEMENTAL INDENTURE (this "**First Supplemental Indenture**") dated as of May 8, 2007 between **CANADIAN PACIFIC RAILWAY COMPANY**, a corporation incorporated under the Canada Business Corporations Act and having its head office in the City of Calgary, in the Province of Alberta (the "**Issuer**") and **THE BANK OF NEW YORK**, a banking corporation duly organized and existing under the laws of the State of New York, having an office in the City of New York, in the State of New York (the "Trustee")

RECITALS OF THE COMPANY

WHEREAS, the Issuer and the Trustee entered into an Indenture, dated as of May 8, 2007 (the "**Original Indenture**"). Section 8.01(7) of the Original Indenture provides that the Issuer and the Trustee may, without the consent of any Holder, enter into a supplemental indenture to establish the form or terms of Securities of any series as permitted by Section 2.01 and 3.01 thereof.

WHEREAS, pursuant to Sections 2.01 and 3.01 of the Original Indenture, the Issuer desires to provide for the establishment of a series of Securities under the Original Indenture, and the form and terms thereof, as hereinafter set forth.

WHEREAS, the Issuer has requested that the Trustee execute and deliver this First Supplemental Indenture. The Issuer has delivered to the Trustee an Opinion of Counsel and an Officers' Certificate pursuant to Sections 1.02 and 8.03 of the Original Indenture to the effect, among other things, that all conditions precedent provided for in the Indenture to the Trustee's execution and delivery of this First Supplemental Indenture have been complied with. All acts and things necessary have been done and performed to make this First Supplemental Indenture enforceable in accordance with its terms, and the execution and delivery of this First Supplemental Indenture has been duly authorized in all respects.

WHEREAS the proper officers of the Issuer have duly authorized the creation and issuance of: (i) a series of Securities to be designated as 5.950% Notes due 2037 (the "**Notes**") and to be initially limited (subject to the exceptions described herein and in the Original Indenture) to the aggregate principal amount of U.S. $450,000,000; the further terms and conditions thereof being hereinafter set forth, all in accordance with a resolution of the directors of the Issuer;

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH: For and in consideration of the premises and the purchase of the Securities (as herein defined) by the holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Securities, as follows:

1. INTERPRETATIONS AND AMENDMENTS

1.1 First Supplemental Indenture

As used herein **"First Supplemental Indenture"**, **"hereto"**, **"herein"**, **"hereof"**, **"hereby"**, **"hereunder"** and similar expressions refer to this First Supplemental Indenture and

not to any particular Article, Section or other portion hereof and include any and every instrument supplemental or ancillary hereto or in implementation hereof, and further include the terms of the Notes set forth in the form of Notes annexed as Schedule A hereto.

1.2 Definitions in First Supplemental Indenture

All terms contained in this First Supplemental Indenture which are defined in the Original Indenture and not defined herein shall, for all purposes hereof, have the meanings given to such terms in the Original Indenture, unless the context otherwise specifies or requires; provided, however, that notwithstanding the foregoing, the terms "**Issuer**" and "**Trustee**" shall have the respective meanings given to them in the Original Indenture.

1.3 Interpretation not Affected by Headings

The division of this First Supplemental Indenture into Articles and Sections, the provision of the table of contents hereto and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this First Supplemental Indenture.

2. NOTES

2.1 Form and Terms of Notes

There shall be and there is hereby created for issuance under the Original Indenture, as supplemented by this First Supplemental Indenture; (i) a series of Securities which shall consist of an aggregate principal amount of U.S.$450,000,000 Notes; provided, however, that if the Issuer shall, at any time after the date hereof, increase the principal amount of Notes which may be issued and issue such increased principal amount (or any portion thereof), then any such additional Notes so issued shall have the same form and terms (other than the date of issuance and the date from which interest thereon shall begin to accrue and, under certain circumstances, the first interest payment date), and shall carry the same right to receive accrued and unpaid interest, as the Notes theretofore issued; and provided, further, that, notwithstanding the foregoing, the Issuer shall not be entitled to increase the principal amount of Notes which may be issued or issue any such increased principal amount if the Issuer has effected satisfaction and discharge of the Indenture pursuant to Section 4.01 of the Original Indenture or defeasance or covenant defeasance pursuant to Article 12 of the Original Indenture.

The Notes will mature, and the principal of the Notes and accrued and unpaid interest thereon will be due and payable, on May 15, 2037, or such earlier date as the principal of any of the Notes may become due and payable in accordance with the provisions of the Original Indenture and this First Supplemental Indenture.

The Notes shall bear interest on the principal amount thereof from May 8, 2007 or from the last date to which interest shall have been paid or duly made available for payment on the Notes, whichever is later, at the rate of 5.950% per annum, payable semi-annually in arrears on May 15 and November 15 (each, an **"Interest Payment Date"**) in each year, commencing November 15, 2007, until the principal of and premium, if any, on the applicable series of Notes is paid or duly made available for payment; and should the Issuer at any time default in the

payment of any principal of, or premium, if any, or interest on the Notes when due, the Issuer shall pay interest (such interest to be payable on demand), to the extent permitted by law, on the amount in default at the same rate applicable to the Notes. Interest on the Notes shall be computed on the basis of a 360-day year comprised of twelve 30-day months. The interest payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Original Indenture, be paid to the Persons in whose names the Notes (or one or more predecessor Notes) are registered at the close of business on May 1 or November 1 (the "**Regular Record Dates**"), as the case may be, immediately prior to such Interest Payment Date, regardless of whether any such Regular Record Date is a business day. Any such interest on the Notes not so punctually paid or duly provided for on any Interest Payment Date shall be payable, as applicable, as provided in the form of Note annexed hereto as Schedule A to this First Supplemental Indenture.

For the purposes only of the disclosure required by the *Interest Act* (Canada), and without affecting the amount of interest payable to any holder of a Note or the calculation of interest on any Note, if the rate of interest on any Note is calculated on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

All payments of principal of and premium, if any, and interest on the Notes will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, and all references herein to "**United States dollars**", "**U.S.$**" or "**U.S. dollars**" shall be deemed to refer to such coin or currency of the United States of America.

The principal of and premium, if any, and interest on the Notes shall be payable, and the Notes may be surrendered for exchange, registration, transfer or discharge from registration, at the Corporate Trust Office of the Trustee in the City of New York, New York, and in such other places as the Issuer may from time to time designate in accordance with the Original Indenture. The Trustee is hereby appointed as the initial Paying Agent, registrar and transfer agent for the Notes in the City of New York, New York.

The Notes shall be issued only as fully registered Notes, without coupons, in denominations of U.S.$2,000 and integral multiples of $1,000 thereafter. Each series of Notes initially will be represented by one or more global Securities (collectively, the "**Global Notes**") registered in the name of The Depository Trust Company, as Depositary or its nominee, or a successor depositary or its nominee.

The certificates representing the Notes shall bear the following legend:

"UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS CERTIFICATE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY DTC TO A NOMINEE OF DTC OR BY A NOMINEE OF DTC TO DTC OR ANOTHER NOMINEE

OF DTC OR BY DTC OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY."

The Notes and the certificate of the Trustee endorsed thereon shall be in the form set out in Schedule A to this First Supplemental Indenture with such appropriate insertions, omissions, substitutions and variations as the Trustee may approve and shall be numbered in such manner as the Trustee may approve, such approvals of the Trustee concerning any Note to be conclusively evidenced by its certification of such Note.

The Security Register referred to in Section 3.05 of the Original Indenture shall, with respect to the Notes, be kept at the office or agency in the City of New York, New York that the Issuer may from time to time designate for such purpose (which shall initially be the Corporate Trust Office of the Trustee in the City of New York, New York), and at such other place or places as the Issuer with the approval of the Trustee may hereafter designate.

The Notes shall be subject to redemption at the option of the Issuer as provided in Article 3 of this First Supplemental Indenture and Article 10 of the Original Indenture and repurchase by the Issuer as provided in Article 4 of this First Supplemental Indenture. The Issuer shall not otherwise be required to redeem, purchase or repay Notes pursuant to any mandatory redemption, sinking fund or analogous provision or at the option of the holders thereof. The Notes will not be convertible into or exchangeable for securities of any Person.

The Notes shall have the other terms and provisions set forth in the forms of Notes attached hereto as Schedule A to this First Supplemental Indenture with the same force and effect as if such terms and provisions were set forth in full herein.

2.2 Issuance of Notes

The Notes in the aggregate principal amount of U.S.$450,000,000 shall be executed by the Designated Officer of the Issuer and delivered by the Issuer to the Trustee on the date of issue for authentication and delivery pursuant to and in accordance with the provisions of Section 3.02 of the Original Indenture and, upon the requirements of such provisions being complied with, the Notes shall be authenticated by or on behalf of the Trustee and delivered by it to or upon the Issuer Order of the Issuer without any further act or formality on the part of the Issuer. The Trustee shall have no duty or responsibility with respect to the use or application of any of the Notes so certified and delivered or the proceeds thereof.

3. REDEMPTION OF NOTES

3.1 Redemption of Notes

The Notes will be redeemable at any time, in whole or from time to time in part, at the option of the Issuer (in the manner and in accordance with and subject to the terms and provisions set forth in Article 10 of the Original Indenture), at a Redemption Price equal to the greater of:

(a) 100% of the principal amount of the Notes to be redeemed; and

(b) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield, plus 20 basis points;

plus in each case accrued interest to the Redemption Date; provided that installments of interest on Notes which are due and payable on any date falling on or prior to a Redemption Date will be payable to the registered holders of such Notes (or one or more predecessor Notes), registered as such as of the close of business on the relevant Regular Record Dates.

The Issuer will provide notice to the Trustee prior to the Redemption Date of the calculation of the Redemption Price.

3.2 Certain Additional Definitions

For the purposes of this First Supplemental Indenture, the following expressions shall have the following meanings:

"**Comparable Treasury Issue**" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities;

"**Comparable Treasury Price**" means (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations;

"**Independent Investment Banker**" means one of the Reference Treasury Dealers selected by the Trustee after consultation with the Corporation or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Trustee after consultation with the Corporation;

"**Reference Treasury Dealers**" means Morgan Stanley & Co. Incorporated and RBC Capital Markets Corporation or their affiliates which are primary U.S. government securities dealers, and their respective successors; *provided, however,* that if any of the foregoing ceases to be a primary U.S. government securities dealer in The City of New York (a "Primary Treasury Dealer"), the Corporation will substitute therefor another Primary Treasury Dealer;

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a

percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30p.m. New York time on the third business day preceding such redemption date; and

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

4. CHANGE OF CONTROL

4.1 Change of Control

(a) Upon the occurrence of a Change of Control Triggering Event, unless all Notes have been called for redemption pursuant to Section 3.1 hereof, each Holder of Notes shall have the right to require the Company to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of such Holder's Notes at an offer price in cash equal to the Change of Control Payment.

(b) Within 30 days following any Change of Control Triggering Event, the Company shall mail, or cause to be mailed, a notice to each Holder describing the transaction or transactions that constitute the Change of Control Triggering Event and specifying:

(i) that the Change of Control Offer is being made pursuant to this Section 4.1 and that all Notes tendered will be accepted for payment;

(ii) the Change of Control Payment and the purchase date, which shall be a Business Day no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date");

(iii) the CUSIP numbers for the Notes;

(iv) that any Note not tendered will continue to accrue interest;

(v) that, unless the Company defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(vi) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes to the Paying Agent at the address specified in the notice prior to the close of business on the third

Business Day preceding the Change of Control Payment Date;

(vii) that Holders will be entitled to withdraw their election referred to in clause (vi) if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased;

(viii) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion will be equal to $2,000 in principal amount or an integral multiple of $1,000 in excess thereof; and

(ix) if such notice is mailed prior to the date of the occurrence of the Change of Control Triggering Event, that the Change of Control Offer is conditional on the Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date.

(c) The Company shall cause the Change of Control Offer to remain open for at least 20 Business Days or such longer period as is required by applicable law. The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change in Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.1, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.1 by virtue of such conflict.

(d) On the Change of Control Payment Date, the Company will, to the extent lawful:

(i) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the

aggregate principal amount of Notes or portions of Notes being purchased by the Company.

(e) The Paying Agent will promptly mail to each Holder of Notes of each series properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each new Note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(f) The Company shall not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.1 applicable to a Change of Control Offer made by the Company and purchases all Notes properly tendered and not withdrawn under such Change of Control Offer.

(g) The Company may make a Change of Control Offer in advance of, but conditioned on, the occurrence of a Change of Control Triggering Event but otherwise in accordance with the provisions of this Section 4.1.

4.2 Certain Additional Definitions

For the purposes of this First Supplemental Indenture, the following expressions shall have the following meanings:

"Below Investment Grade Rating Event" means the Notes are rated below an Investment Grade Rating by each of the Rating Agencies (as defined below) on any date from the date of the public notice of an arrangement or transaction that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control, which 60-day period shall be extended if, by the end of the 60-day period, the rating of the notes is under publicly announced consideration for a possible downgrade by all of the Rating Agencies that have not downgraded their rating of the notes to a rating below an Investment Grade Rating, such extension to continue for so long as consideration for a possible downgrade continues by all of the Rating Agencies that have not downgraded their rating of the Notes to a rating below an Investment Grade Rating.

"Change of Control" means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or amalgamation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its subsidiaries taken as a whole to any person (as such term is used in Section 13(d) of the Exchange Act) other than the Company, Canadian Pacific Railway Limited or any of the Company's or Canadian Pacific Railway Limited's subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or amalgamation) the result of which is that any person (as such term is used in Section 13(d) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of the

then outstanding number of Canadian Pacific Railway Limited's voting shares; or (3) the first day on which a majority of the members of Canadian Pacific Railway Limited's Board of Directors are not Continuing Directors.

"Change of Control Offer" means an offer to repurchase Notes pursuant to Section 4.1 hereof.

"Change of Control Payment" means, with respect to Notes tendered for repurchase pursuant to a Change of Control Offer, an amount equal to 101% of the aggregate principal amount of such Notes plus accrued and unpaid interest thereon, if any, to the date of repurchase.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of Canadian Pacific Railway Limited who (1) was a member of such Board of Directors on the date of the issuance of the notes; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of Canadian Pacific Railway Limited's proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P.

"Moody's" means Moody's Investors Service, Inc.

"Rating Agencies" means (l) each of Moody's and S&P; and (2) if either of Moody's or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for any reason outside of the Company's control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Securities Exchange Act of 1934, as amended, selected by the Company (by a resolution of its Board of Directors) as a replacement agency for Moody's or S&P, or both of them, as the case may be or if a replacement agency is not selected, the remaining such agencies providing publicly available ratings of the notes.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc.

5. GENERAL

5.1 Effectiveness

This First Supplemental Indenture will become effective upon its execution and delivery.

5.2 Effect of Recitals

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Issuer, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Issuer of the Securities or the proceeds thereof. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture or of the Securities except that the Trustee represents that it is *duly* authorized to execute and deliver this First Supplemental Indenture, authenticate the Securities and perform its obligations under the Original Indenture and hereunder, and that the statements made by it or to be made by it in a Statement of Eligibility and Qualification on Form T-1 supplied to the Issuer are true and accurate.

5.3 Ratification of Original Indenture

The Original Indenture as supplemented by this First Supplemental Indenture is in all respects ratified and confirmed, and this First Supplemental Indenture shall be deemed part of the Original Indenture in the manner and to the extent herein and therein provided.

5.4 Governing Law

This First Supplemental Indenture, the Original Indenture as supplemented hereby and the Securities shall be governed by and construed in accordance with the laws of the State of New York.

5.5 Severability

In case any provision in this First Supplemental Indenture, the Original Indenture as supplemented hereby or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

5.6 Acceptance of Trust

The Trustee hereby accepts the trusts in this First Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein before set forth in trust for the various Persons who shall from time to time be Note holders subject to all the terms and conditions herein set forth.

5.7 Counterparts and Formal Date

This First Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date first above written.

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By: /s/ F.J. Green
F.J. Green
President and Chief Executive Officer

By: /s/ M.R. Lambert
M.R. Lambert
Executive Vice President and
Chief Financial Officer

BANK OF NEW YORK, as trustee

By: _____

By: _____

. IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By:_____

F.J. Green
President and Chief Executive Officer

By:_____

M.R. Lambert
Executive Vice President and
Chief Financial Officer

THE BANK OF NEW YORK, as trustee

By: /s/ THE BANK OF NEW YORK

Exhibit 4.3

Dated as of May 20, 2008

CANADIAN PACIFIC RAILWAY COMPANY

and

THE BANK OF NEW YORK

SECOND SUPPLEMENTAL INDENTURE

to the

TRUST INDENTURE

Dated as of May 8, 2007

TABLE OF CONTENTS

THIS SECOND SUPPLEMENTAL INDENTURE (this "**Second Supplemental Indenture**") dated as of May 20, 2008 between **CANADIAN PACIFIC RAILWAY COMPANY**, a corporation incorporated under the Canada Business Corporations Act and having its head office in the City of Calgary, in the Province of Alberta (the "**Issuer**") and **THE BANK OF NEW YORK**, a banking corporation duly organized and existing under the laws of the State of New York, having an office in the City of New York, in the State of New York (the 'Trustee")

RECITALS OF THE COMPANY

WHEREAS, the Issuer and the Trustee entered into an Indenture, dated as of May 8, 2007 (the "**Original Indenture**"). Section 8.01(7) of the Original Indenture provides that the Issuer and the Trustee may, without the consent of any Holder, enter into a supplemental indenture to establish the form or terms of Securities of any series as permitted by Section 2.01 and 3.01 thereof.

WHEREAS, pursuant to Sections 2.01 and 3.01 of the Original Indenture, the Issuer desires to provide for the establishment of a series of Securities under the Original Indenture, and the form and terms thereof, as hereinafter set forth.

WHEREAS, the Issuer has requested that the Trustee execute and deliver this Second Supplemental Indenture. The Issuer has delivered to the Trustee an Opinion of Counsel and an Officers' Certificate pursuant to Sections 1.02 and 8.03 of the Original Indenture to the effect, among other things, that all conditions precedent provided for in the Indenture to the Trustee's execution and delivery of this Second Supplemental Indenture have been complied with. All acts and things necessary have been done and performed to make this Second Supplemental Indenture enforceable in accordance with its terms, and the execution and delivery of this Second Supplemental Indenture has been duly authorized in all respects.

WHEREAS the proper officers of the Issuer have duly authorized the creation and issuance of: (i) a series of Securities to be designated as 5.75% Notes due 2013 (the "**2013 Notes**") and to be initially limited (subject to the exceptions described herein and in the Original Indenture) to the aggregate principal amount of U.S.$400,000,000, and (ii) a series of Securities to be designated as 6.50% Notes due 2018 (the "**2018 Notes**" and together with the 2013 Notes, the "Notes") and to be initially limited (subject to the exceptions described herein and in the Original Indenture) to the aggregate principal amount of U.S.$300,000,000; the further terms and conditions thereof being hereinafter set forth, all in accordance with a resolution of the directors of the Issuer;

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE WITNESSETH: For and in consideration of the premises and the purchase of the Securities (as herein defined) by the holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Securities, as follows:

1. INTERPRETATIONS AND AMENDMENTS

1.1 Second Supplemental Indenture

As used herein "**Second Supplemental Indenture**", "**hereto**", "**herein**", "**hereof**', "**hereby**'', "**hereunder**" and similar expressions refer to this Second Supplemental Indenture and not to any particular Article, Section or other portion hereof and include any and every instrument supplemental or ancillary hereto or in implementation hereof, and further include the terms of the Notes set forth in the form of Notes annexed as Schedule A hereto.

1.2 Definitions in Second Supplemental Indenture

All terms contained in this Second Supplemental Indenture which are defined in the Original Indenture and not defined herein shall, for all purposes hereof, have the meanings given to such terms in the Original Indenture, unless the context otherwise specifies or requires; provided, however, that notwithstanding the foregoing, the terms "**Issuer**" and "**Trustee**" shall have the respective meanings given to them in the Original Indenture.

1.3 Interpretation not Affected by Headings

The division of this Second Supplemental Indenture into Articles and Sections, the provision of the table of contents hereto and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Second Supplemental Indenture.

2. 2013 NOTES

2.1 Form and Terms of 2013 Notes

There shall be and there is hereby created for issuance under the Original Indenture, as supplemented by this Second Supplemental Indenture; (i) a series of Securities which shall consist of an aggregate principal amount of U.S.$400,000,000 2013 Notes; provided, however, that if the Issuer shall, at any time after the date hereof, increase the principal amount of 2013 Notes which may be issued and issue such increased principal amount (or any portion thereof), then any such additional 2013 Notes so issued shall have the same form and terms (other than the date of issuance and the date from which interest thereon shall begin to accrue and, under certain circumstances, the first interest payment date), and shall carry the same right to receive accrued and unpaid interest, as the 2013 Notes theretofore issued; and provided, further, that, notwithstanding the foregoing, the Issuer shall not be entitled to increase the principal amount of 2013 Notes which may be issued or issue any such increased principal amount if the Issuer has effected satisfaction and discharge of the Indenture pursuant to Section 4.01 of the Original Indenture or defeasance or covenant defeasance pursuant to Article 12 of the Original Indenture.

The 2013 Notes will mature, and the principal of the 2013 Notes and accrued and unpaid interest thereon will be due and payable, on May 15, 2013, or such earlier date as the principal of any of the 2013 Notes may become due and payable in accordance with the provisions of the Original Indenture and this Second Supplemental Indenture.

The 2013 Notes shall bear interest on the principal amount thereof from May 20, 2008 or from the last date to which interest shall have been paid or duly made available for payment on the 2013 Notes, whichever is later, at the rate of 5.75% per annum, payable semi-

annually in arrears on May 15 and November 15 (each, a "**2013 Interest Payment Date**") in each year, commencing November 15, 2008, until the principal of and premium, if any, on the applicable series of 2013 Notes is paid or duly made available for payment; and should the Issuer at any time default in the payment of any principal of, or premium, if any, or interest on the 2013 Notes when due, the Issuer shall pay interest (such interest to be payable on demand), to the extent permitted by law, on the amount in default at the same rate applicable to the 2013 Notes. Interest on the 2013 Notes shall be computed on the basis of a 360-day year comprised of twelve 30-day months. The interest payable, and punctually paid or duly provided for, on any 2013 Interest Payment Date will, as provided in the Original Indenture, be paid to the Persons in whose names the 2013 Notes (or one or more predecessor 2013 Notes) are registered at the close of business on May 1 or November 1 (the "**2013 Regular Record Dates**"), as the case may be, immediately prior to such 2013 Interest Payment Date, regardless of whether any such 2013 Regular Record Date is a business day. Any such interest on the 2013 Notes not so punctually paid or duly provided for on any 2013 Interest Payment Date shall be payable, as applicable, as provided in the form of Note annexed hereto as Schedule A to this Second Supplemental Indenture.

For the purposes only of the disclosure required by the *Interest Act* (Canada), and without affecting the amount of interest payable to any holder of a 2013 Note or the calculation of interest on any 2013 Note, if the rate of interest on any 2013 Note is calculated on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

All payments of principal of and premium, if any, and interest on the 2013 Notes will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, and all references herein to "**United States dollars**", "**U.S.$**" or "**U.S. dollars**" shall be deemed to refer to such coin or currency of the United States of America.

The principal of and premium, if any, and interest on the 2013 Notes shall be payable, and the 2013 Notes may be surrendered for exchange, registration, transfer or discharge from registration, at the Corporate Trust Office of the Trustee in the City of New York, New York, and in such other places as the Issuer may from time to time designate in accordance with the Original Indenture. The Trustee is hereby appointed as the initial Paying Agent, registrar and transfer agent for the 2013 Notes in the City of New York, New York.

The 2013 Notes shall be issued only as fully registered 2013 Notes, without coupons, in denominations of U.S. $2,000 and integral multiples of $1,000 thereafter. Each series of 2013 Notes initially will be represented by one or more global Securities (collectively, the "**2013 Global Notes**") registered in the name of The Depository Trust Company, as Depositary or its nominee, or a successor depositary or its nominee.

The certificates representing the 2013 Notes shall bear the following legend:

"UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITNE REGISTERED FORM, THIS CERTIFICATE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY DTC TO A NOMINEE OF DTC OR BY A NOMINEE OF DTC TO DTC OR ANOTHER NOMINEE OF DTC OR BY DTC OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY."

The 2013 Notes and the certificate of the Trustee endorsed thereon shall be in the form set out in Schedule A to this Second Supplemental Indenture with such appropriate insertions, omissions, substitutions and variations as the Trustee may approve and shall be numbered in such manner as the Trustee may approve, such approvals of the Trustee concerning any 2013 Note to be conclusively evidenced by its certification of such 2013 Note.

The Security Register referred to in Section 3.05 of the Original Indenture shall, with respect to the 2013 Notes, be kept at the office or agency in the City of New York, New York that the Issuer may from time to time designate for such purpose (which shall initially be the Corporate Trust Office of the Trustee in the City of New York, New York), and at such other place or places as the Issuer with the approval of the Trustee may hereafter designate.

The 2013 Notes shall be subject to redemption at the option of the Issuer as provided in Article 4 (Optional Redemption of Notes) of this Second Supplemental Indenture and Article 10 of the Original Indenture and repurchase by the Issuer as provided in Article 5 of this Second Supplemental Indenture. The Issuer shall not otherwise be required to redeem, purchase or repay 2013 Notes pursuant to any mandatory redemption, sinking fund or analogous provision or at the option of the holders thereof. The 2013 Notes will not be convertible into or exchangeable for securities of any Person.

The 2013 Notes shall have the other terms and provisions set forth in the forms of 2013 Notes attached hereto as Schedule A to this Second Supplemental Indenture with the same force and effect as if such terms and provisions were set forth in full herein.

2.2 Issuance of 2013 Notes

The 2013 Notes in the aggregate principal amount of U.S.$400,000,000 shall be executed by the Designated Officer of the Issuer and delivered by the Issuer to the Trustee on the date of issue for authentication and delivery pursuant to and in accordance with the provisions of Section 3.02 of the Original Indenture and, upon the requirements of such provisions being complied with, the 2013 Notes shall be authenticated by or on behalf of the Trustee and delivered by it to or upon the Issuer Order of the Issuer without any further act or formality on the part of the Issuer. The Trustee shall have no duty or responsibility with respect to the use or application of any of the 2013 Notes so certified and delivered or the proceeds thereof.

3. 2018 NOTES

3.1 Form and Terms of 2018 Notes

There shall be and there is hereby created for issuance under the Original Indenture, as supplemented by this Second Supplemental Indenture; (i) a series of Securities which shall consist of an aggregate principal amount of U.S.$300,000,000 2018 Notes; provided, however, that if the Issuer shall, at any time after the date hereof, increase the principal amount of 2018 Notes which may be issued and issue such increased principal amount (or any portion thereof), then any such additional 2018 Notes so issued shall have the same form and terms (other than the date of issuance and the date from which interest thereon shall begin to accrue and, under certain circumstances, the first interest payment date), and shall carry the same right to receive accrued and unpaid interest, as the 2018 Notes theretofore issued; and provided, further, that, notwithstanding the foregoing, the Issuer shall not be entitled to increase the principal amount of 2018 Notes which may be issued or issue any such increased principal amount if the Issuer has effected satisfaction and discharge of the Indenture pursuant to Section 4.01 of the Original Indenture or defeasance or covenant defeasance pursuant to Article 12 of the Original Indenture.

The 2018 Notes will mature, and the principal of the 2018 Notes and accrued and unpaid interest thereon will be due and payable, on May 15, 2018, or such earlier date as the principal of any of the 2018 Notes may become due and payable in accordance with the provisions of the Original Indenture and this Second Supplemental Indenture.

The 2018 Notes shall bear interest on the principal amount thereof from May 20, 2008 or from the last date to which interest shall have been paid or duly made available for payment on the 2018 Notes, whichever is later, at the rate of 6.50% per annum, payable semi-annually in arrears on May 15 and November 15 (each, a **"2018 Interest Payment Date")** in each year, commencing November 15, 2008, until the principal of and premium, if any, on the applicable series of 2018 Notes is paid or duly made available for payment; and should the Issuer at any time default in the payment of any principal of, or premium, if any, or interest on the 2018 Notes when due, the Issuer shall pay interest (such interest to be payable on demand), to the extent permitted by law, on the amount in default at the same rate applicable to the 2018 Notes. Interest on the 2018 Notes shall be computed on the basis of a 360-day year comprised of twelve 30-day months. The interest payable, and punctually paid or duly provided for, on any 2018 Interest Payment Date will, as provided in the Original Indenture, be paid to the Persons in whose names the 2018 Notes (or one or more predecessor 2018 Notes) are registered at the close of business on May 1 or November 1 (the **"2018 Regular Record Dates"),** as the case may be, immediately prior to such 2018 Interest Payment Date, regardless of whether any such 2018 Regular Record Date is a business day. Any such interest on the 2018 Notes not so punctually paid or duly provided for on any 2018 Interest Payment Date shall be payable, as applicable, as provided in the form of 2018 Note annexed hereto as Schedule A to this Second Supplemental Indenture.

For the purposes only of the disclosure required by the *Interest Act* (Canada), and without affecting the amount of interest payable to any holder of a 2018 Note or the calculation of interest on any 2018 Note, if the rate of interest on any 2018 Note is calculated on the basis of the deemed year which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

All payments of principal of and premium, if any, and interest on the 2018 Notes will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

The principal of and premium, if any, and interest on the 2018 Notes shall be payable, and the 2018 Notes may be surrendered for exchange, registration, transfer or discharge from registration, at the Corporate Trust Office of the Trustee in the City of New York, New York, and in such other places as the Issuer may from time to time designate in accordance with the Original Indenture. The Trustee is hereby appointed as the initial Paying Agent, registrar and transfer agent for the 2018 Notes in the City of New York, New York.

The 2018 Notes shall be issued only as fully registered 2018 Notes, without coupons, in denominations of U.S.$2,000 and integral multiples of $1,000 thereafter. Each series of 2018 Notes initially will be represented by one or more global Securities (collectively, the "**2018 Global Notes**") registered in the name of The Depository Trust Company, as Depositary or its nominee, or a successor depositary or its nominee.

The certificates representing the 2018 Notes shall bear the following legend:

> "UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS CERTIFICATE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY DTC TO A NOMINEE OF DTC OR BY A NOMINEE OF DTC TO DTC OR ANOTHER NOMINEE OF DTC OR BY DTC OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY."

The 2018 Notes and the certificate of the Trustee endorsed thereon shall be in the form set out in Schedule A to this Second Supplemental Indenture with such appropriate insertions, omissions, substitutions and variations as the Trustee may approve and shall be numbered in such manner as the Trustee may approve, such approvals of the Trustee concerning any 2018 Note to be conclusively evidenced by its certification of such 2018 Note.

The Security Register referred to in Section 3.05 of the Original Indenture shall, with respect to the 2018 Notes, be kept at the office or agency in the City of New York, New York that the Issuer may from time to time designate for such purpose (which shall initially be the Corporate Trust Office of the Trustee in the City of New York, New York), and at such other place or places as the Issuer with the approval of the Trustee may hereafter designate.

The 2018 Notes shall be subject to redemption at the option of the Issuer as provided in Article 4 (Optional Redemption of Notes) of this Second Supplemental Indenture and Article 10 of the Original Indenture and repurchase by the Issuer as provided in Article *5* of this Second Supplemental Indenture. The Issuer shall not otherwise be required to redeem, purchase or repay 2018 Notes pursuant to any mandatory redemption, sinking fund or analogous provision or at the option of the holders thereof. The 2018 Notes will not be convertible into or exchangeable for securities of any Person.

The 2018 Notes shall have the other terms and provisions set forth in the forms of 2018 Notes attached hereto as Schedule A to this Second Supplemental Indenture with the same force and effect as if such terms and provisions were set forth in full herein.

3.2 Issuance of 2018 Notes

The 2018 Notes in the aggregate principal amount of U.S$300,000,000 shall be executed by the Designated Officer of the Issuer and delivered by the Issuer to the Trustee on the date of issue for authentication and delivery pursuant to and in accordance with the provisions of Section 3.02 of the Original Indenture and, upon the requirements of such provisions being complied with, the 2018 Notes shall be authenticated by or on behalf of the Trustee and delivered by it to or upon the Issuer Order of the Issuer without any further act or formality on the part of the Issuer. The Trustee shall have no duty or responsibility with respect to the use or application of any of the 2018 Notes so certified and delivered or the proceeds thereof.

4. OPTIONAL REDEMPTION OF NOTES

4.1 Redemption of Notes

The Notes will be redeemable at any time, in whole or from time to time in part, at the option of the Issuer (in the manner and in accordance with and subject to the terms and provisions set forth in Article 10 of the Original Indenture), at a Redemption Price equal to the greater of:

(a) 100% of the principal amount of the Notes to be redeemed; and

(b) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield, plus 40 basis points;

plus in each case accrued interest to the Redemption Date; provided that installments of interest on Notes which are due and payable on any date falling on or prior to a Redemption Date will be payable to the registered holders of such Notes (or one or more predecessor Notes), registered as such as of the close of business on the relevant Regular Record Dates.

The Issuer will provide notice to the Trustee prior to the Redemption Date of the calculation of the Redemption Price.

4.2 Certain Additional Definitions

For the purposes of this Second Supplemental Indenture, the following expressions shall have the following meanings:

"**Comparable Treasury Issue**" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed that would be

utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities;

"**Comparable Treasury Price**" means (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations;

"**Independent Investment Banker**" means one of the Reference Treasury Dealers selected by the Trustee after consultation with the Corporation or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Trustee after consultation with the Corporation;

"**Reference Treasury Dealers**" means Morgan Stanley & Co. Incorporated and REC Capital Markets Corporation or their affiliates which are primary U.S. government securities dealers, and their respective successors; *provided, however,* that if any of the foregoing ceases to be a primary U.S. government securities dealer in The City of New York (a "Primary Treasury Dealer"), the Corporation will substitute therefor another Primary Treasury Dealer;

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date; and

"**Treasury Yield**" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

5. CHANGE OF CONTROL

5.1 Change of Control

(a) Upon the occurrence of a Change of Control Triggering Event, unless all Notes have been called for redemption pursuant to Section 4.1 hereof, each Holder of Notes shall have the right to require the Company to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of such Holder's Notes at an offer price in cash equal to the Change of Control Payment.

(b) Within 30 days following any Change of Control Triggering Event, the Company shall mail, or cause to be mailed, a notice to each Holder describing the transaction or transactions that constitute the Change of Control Triggering Event and specifying:

(i) that the Change of Control Offer is being made pursuant to this Section 4.1 and that all Notes tendered will be accepted for payment;

(ii) the Change of Control Payment and the purchase date, which shall be a Business Day no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date");

(iii) the CUSIP numbers for the Notes;

(iv) that any Note not tendered will continue to accrue interest;

(v) that, unless the Company defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(vi) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(vii) that Holders will be entitled to withdraw their election referred to in clause (vi) if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased;

(viii) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion will be equal to $2,000 in principal amount or an integral multiple of $1,000 in excess thereof; and

(ix) if such notice is mailed prior to the date of the occurrence of the Change of Control Triggering Event, that the Change of Control Offer is conditional on the Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date.

(c) The Company shall cause the Change of Control Offer to remain open for at least 20 Business Days or such longer period as is required by applicable law. The Company shall comply with the requirements of Rule 14e-I under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change in Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.1, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.1 by virtue of such conflict.

(d) On the Change of Control Payment Date, the Company will, to the extent lawful:

(i) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

(e) The Paying Agent will promptly mail to each Holder of Notes of each series properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each new Note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(f) The Company shall not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.1 applicable to a Change of Control Offer made by the Company and purchases all Notes properly tendered and not withdrawn under such Change of Control Offer.

(g) The Company may make a Change of Control Offer in advance of, but conditioned on, the occurrence of a Change of Control Triggering Event but otherwise in accordance with the provisions of this Section 4.1.

5.2 Certain Additional Definitions

For the purposes of this Second Supplemental Indenture, the following expressions shall have the following meanings:

"Below Investment Grade Rating Event" means the Notes are rated below an Investment Grade Rating by at least two out of three of the Rating Agencies (as defined below), if there are three Rating Agencies, or all of the Rating Agencies, if there are less than three Rating Agencies, (the *"Required Threshold")* on any date from the date of the public notice of an arrangement or transaction that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control, which 60-day period shall be extended if, by the end of the 60-day period, the rating of the Notes is under publicly announced consideration for a possible downgrade by such number of Rating Agencies which, together with the Rating Agencies which have already lowered their ratings on the Notes as aforesaid, would aggregate in number the Required Threshold, such extension to continue for so long as consideration for a possible downgrade continues by such number of Rating Agencies which, together with the Rating Agencies which have already lowered their ratings on the Notes as aforesaid, would aggregate in number the Required Threshold.

"Change of Control" means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or amalgamation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its subsidiaries taken as a whole to any person (as such term is used in Section 13(d) of the Exchange Act) other than the Company, Canadian Pacific Railway Limited or any of the Company's or Canadian Pacific Railway Limited's subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or amalgamation) the result of which is that any person (as such term is used in Section 13(d) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of Canadian Pacific Railway Limited's voting shares; or (3) the first day on which a majority of the members of Canadian Pacific .Railway Limited's Board of Directors are not Continuing Directors.

"Change of Control Offer" means an offer to repurchase Notes pursuant to Section 4.1 hereof. .

"Change of Control Payment" means, with respect to Notes tendered for repurchase pursuant to a Change of Control Offer, an amount equal to 101% of the aggregate principal amount of such Notes plus accrued and unpaid interest thereon, if any, to the date of repurchase.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of Canadian Pacific Railway Limited who (1) was a member of such Board of Directors on the date of the issuance of the Notes; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of Canadian Pacific Railway Limited's proxy statement in

which such member was named as a nominee for election as a director, without objection to such nomination).

*"**DBRS**"* means DBRS Limited.

*"**Investment Grade Rating**"* means a rating equal to or higher than BBB (low) (or the equivalent) by DBRS, Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P.

*"**Moody's**"* means Moody's Investors Service, Inc.

*"**Rating Agencies**" means* (1) each of DBRS, Moody's and S&P; and (2) if one or more of DBRS, Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publidy available for any reason outside of the Company's control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-l(c)(2)(vi)(F) under the Securities Exchange Act of 1934, as amended, selected by the Company (by a resolution of its Board of Directors) as a replacement agency for one or more of DBRS, Moody's or S&P, as the case may be, or if a replacement agency is not selected, the remaining such agencies providing publicly available ratings of the Notes.

*"**Required Threshold**"* has the meaning set forth in the definition of Below Investment Grade Rating Event.

*"**S&P**"* means Standard & Poor, a Division of The McGraw-Hill Companies, Inc.

6. GENERAL

6.1 Effectiveness

This Second Supplemental Indenture will become effective upon its execution and delivery.

6.2 Effect of Recitals

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Issuer, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness.· Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Issuer of the Securities or the proceeds thereof. The Trustee makes no representations as to the validity or sufficiency of this Second Supplemental Indenture or of the Securities except that the Trustee represents that it is duly authorized to execute and deliver this Second Supplemental Indenture, authenticate the Securities and perform its obligations under the Original Indenture and hereunder, and that the statements made by it or to be made by it in a Statement of Eligibility and Qualification on Form T-1 supplied to the Issuer are true and accurate.

6.3 Ratification of Original Indenture

The Original Indenture as supplemented by this Second Supplemental Indenture is in all respects ratified and confirmed, and this Second Supplemental Indenture shall be deemed part of the Original Indenture in the manner and to the extent herein and therein provided.

6.4 Governing Law

This Second Supplemental Indenture, the Original Indenture as supplemented hereby and the Securities shall be governed by and construed in accordance with the laws of the State of New York.

6.5 Severability

In case any prov1s1on in this Second Supplemental Indenture, the Original Indenture as supplemented hereby or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

6.6 Acceptance of Trust

The Trustee hereby accepts the trusts in this Second Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein before set forth in trust for the various Persons who shall from time to time be Note holders subject to all the terms and conditions herein set forth.

6.7 Counterparts and Formal Date

This Second Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date first above written.

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By: /s/ F.J. Green
F.J. Green
President and Chief Executive Officer

By: /s/ M.R. Lambert
M.R. Lambert
Executive Vice President and Chief Financial Officer

THE BANK OF NEW YORK, as trustee

By:

[Signature Page for the Second Supplemental Indenture]

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By:
F.J. Green
President and Chief Executive Officer

By:
M.R. Lambert
Executive Vice President and
Chief Financial Officer

THE BANK OF NEW YORK, as trustee

By: /s/ Lesley Daley
LESLEY DALEY
ASSISTANT VICE PRESIDENT

[Signature Page for the Second Supplemental Indenture]

Exhibit 4.4

Dated as of May 15, 2009

CANADIAN PACIFIC RAILWAY COMPANY

and

THE BANK OF NEW YORK MELLON

THIRD SUPPLEMENTAL INDENTURE

to the

TRUST INDENTURE

Dated as of May 8, 2007

TABLE OF CONTENTS

THIS THIRD SUPPLEMENTAL INDENTURE (this **"Third Supplemental Indenture")** dated as of May 15, 2009 between **CANADIAN PACIFIC RAILWAY COMPANY,** a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the **"Issuer")** and **THE BANK OF NEW YORK MELLON,** a banking corporation duly organized and existing under the laws of the State of New York, having an office in the City of New York, in the State of New York (the 'Trustee")

RECITALS OF THE ISSUER

WHEREAS, the Issuer and the Trustee entered into an Indenture, dated as of May 8, 2007 (the **"Original Indenture").** Section 8.01(7) of the Original Indenture provides that the Issuer and the Trustee may, without the consent of any Holder, enter into a supplemental indenture to establish the form or terms of Securities of any series as permitted by Section 2.01 and 3.01 thereof.

WHEREAS, pursuant to Sections 2.01 and 3.01 of the Original Indenture, the Issuer desires to provide for the establishment of a series of Securities under the Original Indenture, and the form and terms thereof, as hereinafter set forth.

WHEREAS, the Issuer has requested that the Trustee execute and deliver this Third Supplemental Indenture. The Issuer has delivered to the Trustee an Opinion of Counsel and an Officers' Certificate pursuant to Sections 1.02 and 8.03 of the Original Indenture to the effect, among other things, that all conditions precedent provided for in the Indenture to the Trustee's execution and delivery of this Third Supplemental Indenture have been complied with. All acts and things necessary have been done and performed to make this Third Supplemental Indenture enforceable in accordance with its terms, and the execution and delivery of this Third Supplemental Indenture has been duly authorized in all respects.

WHEREAS the proper officers of the Issuer have duly authorized the creation and issuance of a series of Securities to be designated as 7.25% Notes due 2019 (the **"Notes")** and to be initially limited (subject to the exceptions described herein and in the Original Indenture) to the aggregate principal amount of U.S.$350,000,000; the further terms and conditions thereof being hereinafter set forth, all in accordance with a resolution of the directors of the Issuer;

NOW, THEREFORE, THIS THIRD SUPPLEMENTAL INDENTURE WITNESSETH: For and in consideration of the premises and the purchase of the Securities (as herein defined) by the holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Securities, as follows:

1. INTERPRETATIONS AND AMENDMENTS

1.1 Third Supplemental Indenture

As used herein **"Third Supplemental Indenture", "hereto", "herein", "hereof', "hereby", "hereunder"** and similar expressions refer to this Third Supplemental Indenture and

not to any particular Article, Section or other portion hereof and include any and every instrument supplemental or ancillary hereto or in implementation hereof, and further include the terms of the Notes set forth in the form of Notes annexed as Schedule A hereto.

1.2 Definitions in Third Supplemental Indenture

All terms contained in this Third Supplemental Indenture which are defined in the Original Indenture and not defined herein shall, for all purposes hereof, have the meanings given to such terms in the Original Indenture, unless the context otherwise specifies or requires; provided, however, that notwithstanding the foregoing, the terms **"Issuer"** and **"Trustee"** shall have the respective meanings given to them in the Original Indenture.

1.3 Interpretation not Affected by Headings

The division of this Third Supplemental Indenture into Articles and Sections, the provision of the table of contents hereto and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Third Supplemental Indenture.

2. NOTES

2.1 Form and Terms of Notes

There shall be and there is hereby created for issuance under the Original Indenture, as supplemented by this Third Supplemental Indenture; (i) a series of Securities which shall consist of an aggregate principal amount of U.S.$350,000,000 Notes; provided, however, that if the Issuer shall, at any time after the date hereof, increase the principal amount of Notes which may be issued and issue such increased principal amount (or any portion thereof), then any such additional Notes so issued shall have the same form and terms (other than the date of issuance and the date from which interest thereon shall begin to accrue and, under certain circumstances, the first interest payment date), and shall carry the same right to receive accrued and unpaid interest, as the Notes theretofore issued; and provided, further, that, notwithstanding the foregoing, the Issuer shall not be entitled to increase the principal amount of Notes which may be issued or issue any such increased principal amount if the Issuer has effected satisfaction and discharge of the Indenture pursuant to Section 4.01 of the Original Indenture or defeasance or covenant defeasance pursuant to Article 12 of the Original Indenture.

The Notes will mature, and the principal of the Notes and accrued and unpaid interest thereon will be due and payable, on May 15, 2019, or such earlier date as the principal of any of the Notes may become due and payable in accordance with the provisions of the Original Indenture and this Third Supplemental Indenture.

The Notes shall bear interest on the principal amount thereof from May 15, 2009 or from the last date to which interest shall have been paid or duly made available for payment on the Notes, whichever is later, at the rate of 7.25% per annum, payable semi-annually in arrears on May 15 and November 15 (each, an **"Interest Payment Date")** in each year, commencing November 15, 2009, until the principal of and premium, if any, on the applicable series of Notes is paid or duly made available for payment; and should the Issuer at any time

default in the payment of any principal of, or premium, if any, or interest on the Notes when due, the Issuer shall pay interest (such interest to be payable on demand), to the extent permitted by law, on the amount in default at the same rate applicable to the Notes. Interest on the Notes shall be computed on the basis of a 360-day year comprised of twelve 30-day months. The interest payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Original Indenture, be paid to the Persons in whose names the Notes (or one or more predecessor Notes) are registered at the close of business on May 1 or November 1 (the "**Regular Record Dates"),** as the case may be, immediately prior to such Interest Payment Date, regardless of whether any such Regular Record Date is a business day. Any such interest on the Notes not so punctually paid or duly provided for on any Interest Payment Date shall be payable, as applicable, as provided in the form of Note annexed hereto as Schedule A to this Third Supplemental Indenture.

For the purposes only of the disclosure required by the *Interest Act* (Canada), and without affecting the amount of interest payable to any holder of a Note or the calculation of interest on any Note, if the rate of interest on any Note is calculated on the basis of a year (the **"deemed year")** which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

All payments of principal of and premium, if any, and interest on the Notes will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, and all references herein to **"United States dollars", "U.S.$" or "U.S. dollars"** shall be deemed to refer to such coin or currency of the United States of America.

The principal of and premium, if any, and interest on the Notes shall be payable, and the Notes may be surrendered for exchange, registration, transfer or discharge from registration, at the Corporate Trust Office of the Trustee in the City of New York, New York, and in such other places as the Issuer may from time to time designate in accordance with the Original Indenture. The Trustee is hereby appointed as the initial Paying Agent, registrar and transfer agent for the Notes in the City of New York, New York.

The Notes shall be issued only as fully registered Notes, without coupons, in denominations of U.S.$2,000 and integral multiples of $1,000 thereafter. Each series of Notes initially will be represented by one or more global Securities (collectively, the **"Global Notes")** registered in the name of The Depository Trust Company, as Depositary or its nominee, or a successor depositary or its nominee.

The certificates representing the Notes shall bear the following legend:

"UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS CERTIFICATE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY DTC TO A NOMINEE OF DTC OR BY A NOMINEE OF DTC TO DTC OR ANOTHER NOMINEE

OF DTC OR BY DTC OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY."

The Notes and the certificate of the Trustee endorsed thereon shall be in the form set out in Schedule A to this Third Supplemental Indenture with such appropriate insertions, omissions, substitutions and variations as the Trustee may approve and shall be numbered in such manner as the Trustee may approve, such approvals of the Trustee concerning any Note to be conclusively evidenced by its certification of such Note.

The Security Register referred to in Section 3.05 of the Original Indenture shall, with respect to the Notes, be kept at the office or agency in the City of New York, New York that the Issuer may from time to time designate for such purpose (which shall initially be the Corporate Trust Office of the Trustee in the City of New York, New York), and at such other place or places as the Issuer with the approval of the Trustee may hereafter designate.

The Notes shall be subject to redemption at the option of the Issuer as provided in Article 4 (Optional Redemption of Notes) of this Third Supplemental Indenture and Article 10 of the Original Indenture and repurchase by the Issuer as provided in Article 5 of this Third Supplemental Indenture. The Issuer shall not otherwise be required to redeem, purchase or repay Notes pursuant to any mandatory redemption, sinking fund or analogous provision or at the option of the holders thereof. The Notes will not be convertible into or exchangeable for securities of any Person.

The Notes shall have the other terms and provisions set forth in the forms of Notes attached hereto as Schedule A to this Third Supplemental Indenture with the same force and effect as if such terms and provisions were set forth in full herein.

2.2 Issuance of Notes

The Notes in the aggregate principal amount of U.S.$350,000,000 shall be executed by the Designated Officer of the Issuer and delivered by the Issuer to the Trustee on the date of issue for authentication and delivery pursuant to and in accordance with the provisions of Section 3.02 of the Original Indenture and, upon the requirements of such provisions being complied with, the Notes shall be authenticated by or on behalf of the Trustee and delivered by it to or upon the Issuer Order of the Issuer without any further act or formality on the part of the Issuer. The Trustee shall have no duty or responsibility with respect to the use or application of any of the Notes so certified and delivered or the proceeds thereof.

3. OPTIONAL REDEMPTION OF NOTES

3.1 Redemption of Notes

The Notes will be redeemable at any time, in whole or from time to time in part, at the option of the Issuer (in the manner and in accordance with and subject to the terms and provisions set forth in Article 10 of the Original Indenture), at a Redemption Price equal to the greater of:

(a) 100% of the principal amount of the Notes to be redeemed; and

(b) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield, plus 50 basis points;

plus in each case accrued interest to the Redemption Date; provided that installments of interest on Notes which are due and payable on any date falling on or prior to a Redemption Date will be payable to the registered holders of such Notes (or one or more predecessor Notes), registered as such as of the close of business on the relevant Regular Record Dates.

The Issuer will provide notice to the Trustee prior to the Redemption Date of the calculation of the Redemption Price.

3.2 **Certain Additional Definitions**

For the purposes of this Third Supplemental Indenture, the following expressions shall have the following meanings:

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities;

"Comparable Treasury Price" means (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Trustee is provided fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations;

"Independent Investment Banker" means one of the Reference Treasury Dealers selected by the Issuer or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Issuer;

"Reference Treasury Dealers" means J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated or their affiliates which are primary U.S. government securities dealers, and their respective successors; *provided, however,* that if any of the foregoing ceases to be a primary U.S. government securities dealer in The City of New York (a "Primary Treasury Dealer"), the Issuer will substitute therefor another Primary Treasury Dealer;

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a

percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date; and

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

4. CHANGE OF CONTROL

4.1 Change of Control

(a) Upon the occurrence of a Change of Control Triggering Event, unless all Notes have been called for redemption pursuant to Section 4.1 hereof, each Holder of Notes shall have the right to require the Issuer to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of such Holder's Notes at an offer price in cash equal to the Change of Control Payment.

(b) Within 30 days following any Change of Control Triggering Event, the Issuer shall mail, or cause to be mailed, a notice to each Holder describing the transaction or transactions that constitute the Change of Control Triggering Event and specifying:

(i) that the Change of Control Offer is being made pursuant to this Section 4.1 and that all Notes tendered will be accepted for payment;

(ii) the Change of Control Payment and the purchase date, which shall be a Business Day no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date");

(iii) the CUSIP number for the Notes;

(iv) that any Note not tendered will continue to accrue interest;

(v) that, unless the Issuer defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(vi) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes to the Paying Agent at the address specified in the notice prior to the close of business on the third

Business Day preceding the Change of Control Payment Date;

(vii) that Holders will be entitled to withdraw their election referred to in clause (vi) if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased;

(viii) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion will be equal to $2,000 in principal amount or an integral multiple of $1,000 in excess thereof; and

(ix) if such notice is mailed prior to the date of the occurrence of the Change of Control Triggering Event, that the Change of Control Offer is conditional on the Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date.

(c) The Issuer shall cause the Change of Control Offer to remain open for at least 20 Business Days or such longer period as is required by applicable law. The Issuer shall comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change in Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.1, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.1 by virtue of such conflict.

(d) On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(i) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the

aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

(e) The Paying Agent will promptly mail to each Holder of Notes of each series properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each new Note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(f) The Issuer shall not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.1 applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under such Change of Control Offer.

(g) The Issuer may make a Change of Control Offer in advance of, but conditioned on, the occurrence of a Change of Control Triggering Event but otherwise in accordance with the provisions of this Section 4.1.

4.2 Certain Additional Definitions

For the purposes of this Third Supplemental Indenture, the following expressions shall have the following meanings:

*"**Below Investment Grade Rating Event**"* means the Notes are rated below an Investment Grade Rating by at least two out of three of the Rating Agencies (as defined below), if there are three Rating Agencies, or all of the Rating Agencies, if there are less than three Rating Agencies, (the *"Required Threshold")* on any date from the date of the public notice of an arrangement or transaction that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control, which 60-day period shall be extended if, by the end of the 60-day period, the rating of the Notes is under publicly announced consideration for a possible downgrade by such number of Rating Agencies which, together with the Rating Agencies which have already lowered their ratings on the Notes as aforesaid, would aggregate in number the Required Threshold, such extension to continue for so long as consideration for a possible downgrade continues by such number of Rating Agencies which, together with the Rating Agencies which have already lowered their ratings on the Notes as aforesaid, would aggregate in number the Required Threshold.

*"**Change of Control**"* means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or amalgamation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its subsidiaries taken as a whole to any person (as such term is used in Section 13(d) of the Exchange Act) other than the Issuer, Canadian Pacific Railway Limited or any of the Issuer's or Canadian Pacific Railway Limited's subsidiaries; (2) the

consummation of any transaction (including, without limitation, any merger or amalgamation) the result of which is that any person (as such term is used in Section 13(d) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of Canadian Pacific Railway Limited's voting shares; or (3) the first day on which a majority of the members of Canadian Pacific Railway Limited's Board of Directors are not Continuing Directors.

*"**Change of Control Offer**"* means an offer to repurchase Notes pursuant to Section 4.1 hereof.

*"**Change of Control Payment**"* means, with respect to Notes tendered for repurchase pursuant to a Change of Control Offer, an amount equal to 101% of the aggregate principal amount of such Notes plus accrued and unpaid interest thereon, if any, to the date of repurchase.

*"**Change of Control Triggering Event**"* means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

*"**Continuing Directors**"* means, as of any date of determination, any member of the Board of Directors of Canadian Pacific Railway Limited who (1) was a member of such Board of Directors on the date of the issuance of the Notes; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of Canadian Pacific Railway Limited's proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

*"**DBRS**"* means DBRS Limited.

*"**Investment Grade Rating**"* means a rating equal to or higher than BBB (low) (or the equivalent) by DBRS, Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P.

*"**Moody's**"* means Moody's Investors Service, Inc.

*"**Rating Agencies**"* means (1) each of DBRS, Moody's and S&P; and (2) if one or more of DBRS, Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for any reason outside of the Issuer's control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-l(c)(2)(vi)(F) under the Exchange Act, as amended, selected by the Issuer (by a resolution of its Board of Directors) as a replacement agency for one or more of DBRS, Moody's or S&P, as the case may be, or if a replacement agency is not selected, the remaining such agencies providing publicly available ratings of the Notes.

*"**Required Threshold**"* has the meaning set forth in the definition of Below Investment Grade Rating Event.

*"**S&P**"* means Standard & Poor's, a Division of The McGraw-Hill Companies, Inc.

5. GENERAL

5.1 Effectiveness

This Third Supplemental Indenture will become effective upon its execution and delivery.

5.2 Effect of Recitals

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Issuer, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Issuer of the Securities or the proceeds thereof. The Trustee makes no representations as to the validity or sufficiency of this Third Supplemental Indenture or of the Securities except that the Trustee represents that it is duly authorized to execute and deliver this Third Supplemental Indenture, authenticate the Securities and perform its obligations under the Original Indenture and hereunder, and that the statements made by it or to be made by it in a Statement of Eligibility and Qualification on Form T-1 supplied to the Issuer are true and accurate.

5.3 Ratification of Original Indenture

The Original Indenture as supplemented by this Third Supplemental Indenture is in all respects ratified and confirmed, and this Third Supplemental Indenture shall be deemed part of the Original Indenture in the manner and to the extent herein and therein provided.

5.4 Governing Law

This Third Supplemental Indenture, the Original Indenture as supplemented hereby and the Securities shall be governed by and construed in accordance with the laws of the State of New York.

5.5 Severability

In case any provision in this Third Supplemental Indenture, the Original Indenture as supplemented hereby or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

5.6 Acceptance of Trust

The Trustee hereby accepts the trusts in this Third Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein before set forth in trust for the various Persons who shall from time to time be Note holders subject to all the terms and conditions herein set forth.

5.7 Counterparts and Formal Date

This Third Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute **but** one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date first above written.

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By: /s/ Frederic J. Green
Frederic J. Green
President and Chief Executive Officer

By: /s/ Kathryn McQuade
Kathryn McQuade
Executive Vice President and
Chief Financial Officer

THE BANK OF NEW YORK MELLON,
as trustee

By:

[Signature Page for the Third Supplemental Indenture]

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By:
Frederic J. Green
President and Chief Executive Officer

By:
Kathryn McQuade
Executive Vice President
and Chief Financial Officer

THE BANK OF NEW YORK MELLON,
as trustee

By: /s/ Lesley Daley
LESLEY DALEY
ASSISTANT VICE PRESIDENT

FORM OF NOTE

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Corporation (as defined below) or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Unless and until it is exchanged in whole or in part for Securities in definitive registered form, this certificate may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor Depositary or a nominee of such successor Depositary.

CANADIAN PACIFIC RAILWAY COMPANY

7.25% Notes due 2019

No. 1 US$350,000,000
CUSIP: 13645RAJ3

Canadian Pacific Railway Company, a corporation duly organized and existing under the laws of Canada (herein called the "Corporation", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or its registered assigns, the principal sum of US$350,000,000 (THREE HUNDRED FIFTY MILLION UNITED STATES DOLLARS) on May 15, 2019, at the office or agency of the Corporation referred to below, and to pay interest thereon on November 15, 2009 and semi-annually thereafter, on May 15 and November 15 in each year, from May 15, 2009, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the rate of 7.25% per annum, until the principal hereof is paid or duly provided for, and (to the extent lawful) to pay on demand interest on any overdue interest at the rate borne by the Securities from the date on which such overdue interest becomes payable to the date payment of such interest has been made or duly provided for. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security is registered at the close of business on the Regular Record Date for such interest, which shall be the May **1** or November 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date, and such defaulted interest, and (to the extent lawful) interest on such defaulted interest at the rate borne by the Securities, may be paid to the Person in whose name this Security is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to

Holders of Securities not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed under its corporate seal.

Dated: May_____, 2009

CANADIAN PACIFIC RAILWAY COMPANY

By
Name: Kathryn McQuade
Title: Executive Vice-President and Chief Financial Officer

By
Name: Karen Fleming
Title: Senior Counsel and Corporate Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in, and issued under, the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Trustee

Dated:_____ By _____
Authorized Signatory

[Reverse of Security]

This Security is one of a duly authorized issue of securities of the Corporation designated as its 7.25% Notes due 2019 (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to US$350,000,000, which may be issued under an indenture dated as of May 8, 2007, among the Corporation and The Bank of New York Mellon, as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture, as defined below), as supplemented by the Third Supplemental Indenture, among the Corporation and the Trustee (as supplemented by the Third Supplemental Indenture, the "Indenture"), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is a global Security representing US$350,000,000 aggregate principal amount of the Securities.

Payment of the principal of (and premium, if any, on) and interest on this Security will be made at the office or agency of the Corporation maintained or caused to be maintained for that purpose in New York, New York or at such other office or agency of the Corporation as may be maintained or caused to be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however,* that payment of the principal (and premium, if any) and interest may be made at the option of the Corporation (i) by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register or (ii) by wire transfer to an account maintained by the Person located in the United States entitled thereto as specified in the Security Register; *provided ,* that principal paid in relation to any Security, redeemed at the option of the Corporation or upon Maturity, shall be paid to the Holder of such Security only upon presentation and surrender of such Security to such office or agency referred to above.

The Corporation will pay to the Holders such Additional Amounts as may be payable under Section 9.07 of the Indenture.

The Securities are subject to redemption upon not less than 30 nor more than 60 days' notice, at any time, as a whole or in part, at the election of the Corporation at a redemption price equal to the greater of (1) 100% of the principal amount of the Securities or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities to be redeemed (not including any portion of the payments of interest accrued as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield plus 50 basis points, plus, in the case of (I) and (2), accrued interest thereon to the date of redemption, all as provided in the Indenture.

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a

percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities.

"Comparable Treasury Price" means (I) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Trustee is provided fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers selected by the Corporation or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Corporation.

"Reference Treasury Dealers" means J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated or their affiliates which are primary U.S. government securities dealers, and their respective successors; *provided, however,* that if any of the foregoing ceases to be a primary U.S. government securities dealer in The City of New York (a "Primary Treasury Dealer"), the Corporation will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

The Securities are also subject to redemption as a whole but not in part, at the option of the Corporation, at any time, on not less than 30 nor more than 60 days' prior written notice to each Holder of Securities to be redeemed at such Holder's address appearing on the Security Register at a redemption price equal to 100% of the principal amount, together with accrued and unpaid interest to the date fixed for redemption, in the event there is more than an insubstantial risk that the Corporation has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Securities, any Additional Amounts as a result of any amendment or change in the laws (including any regulations promulgated thereunder) of Canada (or any political subdivision or taxing authority thereof or therein), or any amendment to or change in any official position regarding the application or interpretation of such laws or regulations, which change or amendment is armounced or becomes effective on or after May 15, 2009, all as provided in Section 10.08 of the Indenture.

In the case of any redemption of Securities, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record at the close of business on the relevant Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.

The Securities do not have the benefit of sinking fund obligations.

In the event of redemption of this Security in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Corporation on this Security and (b) certain restrictive covenants and the related Defaults and Events of Default, upon compliance by the Corporation with certain conditions set forth therein, which provisions apply to this Security.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of all affected Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities affected thereby, to waive compliance by the Corporation with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of (and premium, if any, on) and interest on this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable on the Security Register of the Corporation, upon surrender of this Security for registration of transfer at the office or agency of the Corporation maintained or caused to be maintained for such purpose in New York, New York duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in

writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form without coupons in denominations of US$2,000 and any integral multiple of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to the time of due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustees may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any agent shall be affected by notice to the contrary.

Interest on this Security shall be computed on the basis of a 360-day year of twelve 30-day months. For the purposes of the Interest Act (Canada), the yearly rate of interest which is equivalent to the rate payable hereunder is the rate payable multiplied by the actual number of days in the year and divided by 360.

As provided for in the Indenture, the Corporation may, from time to time, without notice or consent of the Holders, create and issue additional Securities so that such additional Securities shall be consolidated and form a single series with the Securities initially issued by the Corporation and shall have the same terms as to status, redemption or otherwise as the Securities originally issued.

If at any time, (i) the Depositary notifies the Corporation that it is unwilling or unable or no longer qualifies to continue as Depositary or if at any time the Depositary shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor depositary is not appointed by the Corporation within 90 days after the Corporation receives such notice or becomes aware of such condition, as the case may be, or (ii) the Corporation determines that the Securities shall no longer be represented by a global Security or Securities, then in such event the Corporation will execute and the Trustee will authenticate and deliver Securities in definitive registered form, in authorized denominations, and in an aggregate principal amount equal to the principal amount of this Security in exchange for this Security. Such Securities in definitive registered form shall be registered in such names and issued in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the Persons in whose names such Securities are so registered.

The Indenture and this Security shall be governed by and construed in accordance with the laws of the State of New York.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Exhibit 4.5

Dated as of September 23, 2010

CANADIAN PACIFIC RAILWAY COMPANY

and

THE BANK OF NEW YORK MELLON

FOURTH SUPPLEMENTAL INDENTURE

to the

TRUST INDENTURE

Dated as of May 8, 2007

THIS FOURTH SUPPLEMENTAL INDENTURE (this **"Fourth Supplemental Indenture")** dated as of September 23, 2010 between **CANADIAN PACIFIC RAILWAY COMPANY,** a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the **"Issuer") and THE BANK OF NEW YORK MELLON,** a banking corporation duly organized and existing under the laws of the State of New York, having an office in the City of New York, in the State of New York (the "Trustee")

RECITALS OF THE ISSUER

WHEREAS, the Issuer and the Trustee entered into an Indenture, dated as of May 8, 2007 (the **"Original Indenture").** Section 8.01(7) of the Original Indenture provides that the Issuer and the Trustee may, without the consent of any Holder, enter into a supplemental indenture to establish the form or terms of Securities of any series as permitted by Section 2.01 and 3.01 thereof.

WHEREAS, pursuant to Sections 2.01 and 3.01 of the Original Indenture, the Issuer desires to provide for the establishment of a series of Securities under the Original Indenture, and the form and terms thereof, as hereinafter set forth.

WHEREAS, the Issuer has requested that the Trustee execute and deliver this Fourth Supplemental Indenture. The Issuer has delivered to the Trustee an Opinion of Counsel and an Officers' Certificate pursuant to Sections 1.02 and 8.03 of the Original Indenture to the effect, among other things, that all conditions precedent provided for in the Indenture to the Trustee's execution and delivery of this Fourth Supplemental Indenture have been complied with. All acts and things necessary have been done and performed to make this Fourth Supplemental Indenture enforceable in accordance with its terms, and the execution and delivery of this Fourth Supplemental Indenture has been duly authorized in all respects.

WHEREAS the proper officers of the Issuer have duly authorized the creation and issuance of a series of Securities to be designated as 4.450% Notes due 2023 (the **"Notes")** and to be initially limited (subject to the exceptions described herein and in the Original Indenture) to the aggregate principal amount of U.S.$350,000,000; the further terms and conditions thereof being hereinafter set forth, all in accordance with a resolution of the directors of the Issuer;

NOW, THEREFORE, THIS FOURTH SUPPLEMENTAL INDENTURE WITNESSETH: For and in consideration of the premises and the purchase of the Securities (as herein defined) by the holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Securities, as follows:

1. INTERPRETATIONS AND AMENDMENTS

1.1 Fourth Supplemental Indenture

As used herein **"Fourth Supplemental Indenture", "hereto", "herein", "hereof', "hereby'', "hereunder"** and similar expressions refer to this Fourth Supplemental

Indenture and not to any particular Article, Section or other portion hereof and include any and every instrument supplemental or ancillary hereto or in implementation hereof, and further include the terms of the Notes set forth in the form of Notes annexed as Schedule A hereto.

1.2 Definitions in Fourth Supplemental Indenture

All terms contained in this Fourth Supplemental Indenture which are defined in the Original Indenture and not defined herein shall, for all purposes hereof, have the meanings given to such terms in the Original Indenture, unless the context otherwise specifies or requires; provided, however, that notwithstanding the foregoing, the terms **"Issuer"** and **"Trustee"** shall have the respective meanings given to them in the Original Indenture.

1.3 Interpretation not Affected by Headings

The division of this Fourth Supplemental Indenture into Articles and Sections, the provision of the table of contents hereto and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Fourth Supplemental Indenture.

2. NOTES

2.1 Form and Terms of Notes

There shall be and there is hereby created for issuance under the Original Indenture, as supplemented by this Fourth Supplemental Indenture; (i) a series of Securities which shall consist of an aggregate principal amount of U.S.$350,000,000 Notes; provided, however, that if the Issuer shall, at any time after the date hereof, increase the principal amount of Notes which may be issued and issue such increased principal amount (or any portion thereof), then any such additional Notes so issued shall have the same form and terms (other than the date of issuance and the date from which interest thereon shall begin to accrue and, under certain circumstances, the first interest payment date), and shall carry the same right to receive accrued and unpaid interest, as the Notes theretofore issued; and provided, further, that, notwithstanding the foregoing, the Issuer shall not be entitled to increase the principal amount of Notes which may be issued or issue any such increased principal amount if the Issuer has effected satisfaction and discharge of the Indenture pursuant to Section 4.01 of the Original Indenture or defeasance or covenant defeasance pursuant to Article 12 of the Original Indenture.

The Notes will mature, and the principal of the Notes and accrued and unpaid interest thereon will be due and payable, on March 15, 2023, or such earlier date as the principal of any of the Notes may become due and payable in accordance with the provisions of the Original Indenture and this Fourth Supplemental Indenture.

The Notes shall bear interest on the principal amount thereof from September 23, 2010 or from the last date to which interest shall have been paid or duly made available for payment on the Notes, whichever is later, at the rate of 4.450% per annum, payable semi-annually in arrears on March 15 and September 15 (each, an **"Interest Payment Date")** in each year, commencing March 15, 2011, until the principal of and premium, if any, on the applicable series of Notes is paid or duly made available for payment; and should the Issuer at any time

default in the payment of any principal of, or premium, if any, or interest on the Notes when due, the Issuer shall pay interest (such interest to be payable on demand), to the extent permitted by law, on the amount in default at the same rate applicable to the Notes. Interest on the Notes shall be computed on the basis of a 360-day year comprised of twelve 30-day months. The interest payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Original Indenture, be paid to the Persons in whose names the Notes (or one or more predecessor Notes) are registered at the close of business on March 1 and September 1 (the **"Regular Record Dates"),** as the case may be, immediately prior to such Interest Payment Date, regardless of whether any such Regular Record Date is a business day. Any such interest on the Notes not so punctually paid or duly provided for on any Interest Payment Date shall be payable, as applicable, as provided in the form of Note annexed hereto as Schedule A to this Fourth Supplemental Indenture.

For the purposes only of the disclosure required by the *Interest Act* (Canada), and without affecting the amount of interest payable to any holder of a Note or the calculation of interest on any Note, if the rate of interest on any Note is calculated on the basis of a year (the **"deemed year")** which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

All payments of principal of and premium, if any, and interest on the Notes will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, and all references herein to **"United States dollars", "U.S.$"** or "**U.S. dollars"** shall be deemed to refer to such coin or currency of the United States of America.

The principal of and premium, if any, and interest on the Notes shall be payable, and the Notes may be surrendered for exchange, registration, transfer or discharge from registration, at the Corporate Trust Office of the Trustee in the City of New York, New York, and in such other places as the Issuer may from time to time designate in accordance with the Original Indenture. The Trustee is hereby appointed as the initial Paying Agent, registrar and transfer agent for the Notes in the City of New York, New York.

The Notes shall be issued only as fully registered Notes, without coupons, in denominations of U.S.$2,000 and integral multiples of $1,000 thereafter. Each series of Notes initially will be represented by one or more global Securities (collectively, the **"Global Notes")** registered in the name of The Depository Trust Company, as Depositary or its nominee, or a successor depositary or its nominee.

The certificates representing the Notes shall bear the following legend:

"UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS CERTIFICATE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY DTC TO A NOMINEE OF DTC OR BY A NOMINEE OF DTC TO DTC OR ANOTHER NOMINEE

OF DTC OR BY DTC OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY."

The Notes and the certificate of the Trustee endorsed thereon shall be in the form set out in Schedule A to this Fourth Supplemental Indenture with such appropriate insertions, omissions, substitutions and variations as the Trustee may approve and shall be numbered in such manner as the Trustee may approve, such approvals of the Trustee concerning any Note to be conclusively evidenced by its certification of such Note.

The Security Register referred to in Section 3.05 of the Original Indenture shall, with respect to the Notes, be kept at the office or agency in the City of New York, New York that the Issuer may from time to time designate for such purpose (which shall initially be the Corporate Trust Office of the Trustee in the City of New York, New York), and at such other place or places as the Issuer with the approval of the Trustee may hereafter designate.

The Notes shall be subject to redemption at the option of the Issuer as provided in Article 4 (Optional Redemption of Notes) of this Fourth Supplemental Indenture and Article 10 of the Original Indenture and repurchase by the Issuer as provided in Article 5 of this Fourth Supplemental Indenture. The Issuer shall not otherwise be required to redeem, purchase or repay Notes pursuant to any mandatory redemption, sinking fund or analogous provision or at the option of the holders thereof. The Notes will not be convertible into or exchangeable for securities of any Person.

The Notes shall have the other terms and provisions set forth in the forms of Notes attached hereto as Schedule A to this Fourth Supplemental Indenture with the same force and effect as if such terms and provisions were set forth in full herein.

2.2 Issuance of Notes

The Notes in the aggregate principal amount of U.S.$350,000,000 shall be executed by the Designated Officer of the Issuer and delivered by the Issuer to the Trustee on the date of issue for authentication and delivery pursuant to and in accordance with the provisions of Section 3.02 of the Original Indenture and, upon the requirements of such provisions being complied with, the Notes shall be authenticated by or on behalf of the Trustee and delivered by it to or upon the Issuer Order of the Issuer without any further act or formality on the part of the Issuer. The Trustee shall have no duty or responsibility with respect to the use or application of any of the Notes so certified and delivered or the proceeds thereof.

3. OPTIONAL REDEMPTION OF NOTES

3.1 Redemption of Notes

The Notes will be redeemable at any time, in whole or from time to time in part, at the option of the Issuer (in the manner and in accordance with and subject to the terms and provisions set forth in Article 10 of the Original Indenture), (i) if at any time up to and including December 15, 2022, at a Redemption Price equal to the greater of:

(a) 100% of the principal amount of the Notes to be redeemed; and

(b) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield, plus 30 basis points, or

(ii) if at any time after December 15, 2022, at a Redemption Price equal to 100% of the principal amount of the Notes to be redeemed;

plus in each case accrued interest to the Redemption Date; provided that installments of interest on Notes which are due and payable on any date falling on or prior to a Redemption Date will be payable to the registered holders of such Notes (or one or more predecessor Notes), registered as such as of the close of business on the relevant Regular Record Dates.

The Issuer will provide notice to the Trustee prior to the Redemption Date of the calculation of the Redemption Price.

3.2 Certain Additional Definitions

For the purposes of this Fourth Supplemental Indenture, the following expressions shall have the following meanings:

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities;

"Comparable Treasury Price" means (l) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Trustee is provided fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations;

"Independent Investment Banker" means one of the Reference Treasury Dealers selected by the Issuer or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Issuer;

"Reference Treasury Dealers" means Morgan Stanley & Co. Incorporated and Banc of America Securities LLC or their affiliates which are primary U.S. government securities dealers, and their respective successors; *provided, however,* that if any of the foregoing ceases to be a primary U.S. government securities dealer in The City of New York (a "Primary Treasury Dealer"), the Issuer will substitute therefor another Primary Treasury Dealer;

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date; and

"**Treasury Yield**" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

4. CHANGE OF CONTROL

4.1 Change of Control

(a) Upon the occurrence of a Change of Control Triggering Event, unless all Notes have been called for redemption pursuant to Section 4.1 hereof, each Holder of Notes shall have the right to require the Issuer to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of such Holder's Notes at an offer price in cash equal to the Change of Control Payment.

(b) Within 30 days following any Change of Control Triggering Event, the Issuer shall mail, or cause to be mailed, a notice to each Holder describing the transaction or transactions that constitute the Change of Control Triggering Event and specifying:

(i) that the Change of Control Offer is being made pursuant to this Section 4.1 and that all Notes tendered will be accepted for payment;

(ii) the Change of Control Payment and the purchase date, which shall be a Business Day no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date");

(iii) the CUSIP number for the Notes;

(iv) that any Note not tendered will continue to accrue interest;

(v) that, unless the Issuer defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(vi) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender

such Notes to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(vii) that Holders will be entitled to withdraw their election referred to in clause (vi) if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased;

(viii) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion will be equal to $2,000 in principal amount or an integral multiple of $1,000 in excess thereof; and

(ix) if such notice is mailed prior to the date of the occurrence of the Change of Control Triggering Event, that the Change of Control Offer is conditional on the Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date.

(c) The Issuer shall cause the Change of Control Offer to remain open for at least 20 Business Days or such longer period as is required by applicable law. The Issuer shall comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change in Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.1, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.1 by virtue of such conflict.

(d) On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(i) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

(e) The Paying Agent will promptly mail to each Holder of Notes of each series properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each new Note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(f) The Issuer shall not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.1 applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under such Change of Control Offer.

(g) The Issuer may make a Change of Control Offer in advance of, but conditioned on, the occurrence of a Change of Control Triggering Event but otherwise in accordance with the provisions of this Section 4.1.

4.2 Certain Additional Definitions

For the purposes of this Fourth Supplemental Indenture, the following expressions shall have the following meanings:

"Below Investment Grade Rating Event" means the Notes are rated below an Investment Grade Rating by at least two out of three of the Rating Agencies (as defined below), if there are three Rating Agencies, or all of the Rating Agencies, if there are less than three Rating Agencies, (the ***"Required Threshold")*** on any date from the date of the public notice of an arrangement or transaction that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control, which 60-day period shall be extended if, by the end of the 60-day period, the rating of the Notes is under publicly announced consideration for a possible downgrade by such number of Rating Agencies which, together with the Rating Agencies which have already lowered their ratings on the Notes as aforesaid, would aggregate in number the Required Threshold, such extension to continue for so long as consideration for a possible downgrade continues by such number of Rating Agencies which, together with the Rating Agencies which have already lowered their ratings on the Notes as aforesaid, would aggregate in number the Required Threshold.

"Change of Control" means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or amalgamation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its subsidiaries taken as a whole to any person (as such term

is used in Section 13(d) of the Exchange Act) other than the Issuer, Canadian Pacific Railway Limited or any of the Issuer's or Canadian Pacific Railway Limited's subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or amalgamation) the result of which is that any person (as such term is used in Section 13(d) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of Canadian Pacific Railway Limited's voting shares; or (3) the first day on which a majority of the members of Canadian Pacific Railway Limited's Board of Directors are not Continuing Directors.

*"**Change of Control Offer**"* means an offer to repurchase Notes pursuant to Section 4.1 hereof.

*"**Change of Control Payment**"* means, with respect to Notes tendered for repurchase pursuant to a Change of Control Offer, an amount equal to 101% of the aggregate principal amount of such Notes plus accrued and unpaid interest thereon, if any, to the date of repurchase.

*"**Change of Control Triggering Event**"* means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

*"**Continuing Directors**"* means, as of any date of determination, any member of the Board of Directors of Canadian Pacific Railway Limited who (1) was a member of such Board of Directors on the date of the issuance of the Notes; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of Canadian Pacific Railway Limited's proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

*"**DBRS**"* means DBRS Limited.

*"**Investment Grade Rating**"* means a rating equal to or higher than BBB (low) (or the equivalent) by DBRS, Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P.

*"**Moody's**"* means Moody's Investors Service, Inc.

*"**Rating Agencies**"* means (1) each of DBRS, Moody's and S&P; and (2) if one or more of DBRS, Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for any reason outside of the Issuer's control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-l(c)(2)(vi)(F) under the Exchange Act, as amended, selected by the Issuer (by a resolution of its Board of Directors) as a replacement agency for one or more of DBRS, Moody's or S&P, as the case may be, or if a replacement agency is not selected, the remaining such agencies providing publicly available ratings of the Notes.

"Required Threshold" has the meaning set forth in the definition of Below Investment Grade Rating Event.

"S&P" means Standard & Poor's, a Division of The McGraw-Hill Companies, Inc.

5. GENERAL

5.1 Effectiveness

This Fourth Supplemental Indenture will become effective upon its execution and delivery.

5.2 Effect of Recitals

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Issuer, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Issuer of the Securities or the proceeds thereof. The Trustee makes no representations as to the validity or sufficiency of this Fourth Supplemental Indenture or of the Securities except that the Trustee represents that it is duly authorized to execute and deliver this Fourth Supplemental Indenture, authenticate the Securities and perform its obligations under the Original Indenture and hereunder, and that the statements made by it or to be made by it in a Statement of Eligibility and Qualification on Form T-1 supplied to the Issuer are true and accurate.

5.3 Ratification of Original Indenture

The Original Indenture as supplemented by this Fourth Supplemental Indenture is in all respects ratified and confirmed, and this Fourth Supplemental Indenture shall be deemed part of the Original Indenture in the manner and to the extent herein and therein provided.

5.4 Limitation on Liability

The Trustee shall act at the direction of the requisite noteholders without liability.

5.5 Jurisdiction

Each of the parties hereto hereby irrevocably consents to the jurisdiction of the courts of the State of New York and of any Federal Court located in the Borough of Manhattan in the State of New York in connection with any action, suit or other proceeding arising out of or relating to this Fourth Supplemental Indenture or any action taken or omitted hrereunder, and waives any claim of forum non conveniens and any objections as to laying of venue.

5.6 Governing Law This Fourth Supplemental Indenture, the Original Indenture as supplemented hereby and the Securities shall be governed by and construed in accordance with the laws of the State of New York.

5.7 Severability

In case any prov1s 10n in this Fourth Supplemental Indenture, the Original Indenture as supplemented hereby or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

5.8 Acceptance of Trust

The Trustee hereby accepts the trusts in this Fourth Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein before set forth in trust for the various Persons who shall from time to time be Note holders subject to all the terms and conditions herein set forth.

5.9 Counterparts and Formal Date

This Fourth Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date first above written.

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By: /s/ Donald S. Campbell
Name: Donald S. Campbell
Title: Vice-President, Finance

By: /s/ Kathryn B. McQuade
Name: Kathryn B. McQuade
Title: EVP & Chief Financial Officer

THE BANK OF NEW YORK MELLON, as trustee

By:

[Signature Page for the Fourth Supplemental Indenture]

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By:
Name:
Title:

By:
Name:
Title:

THE BANK OF NEW YORK MELLON,
as trustee

By: /s/ Lesley Daley

[Signature Page for the Fourth Supplemental Indenture]

TABLE OF CONTENTS

Exhibit 4.6

Dated as of December 1, 2011

CANADIAN PACIFIC RAILWAY COMPANY

and

THE BANK OF NEW YORK MELLON

FIFTH SUPPLEMENTAL INDENTURE

to the

TRUST INDENTURE

Dated as of May 8, 2007

THIS FIFTH SUPPLEMENTAL INDENTURE (this "**Fifth Supplemental Indenture**") dated as of December 1, 2011 between **CANADIAN PACIFIC RAILWAY COMPANY**, a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the "**Issuer**") and **THE BANK OF NEW YORK MELLON**, a banking corporation duly organized and existing under the laws of the State of New York, having an office in the City of New York, in the State of New York (the "Trustee")

RECITALS OF THE ISSUER

WHEREAS, the Issuer and the Trustee entered into an Indenture, dated as of May 8, 2007 (the "**Original Indenture**"). Section 8.01(7) of the Original Indenture provides that the Issuer and the Trustee may, without the consent of any Holder, enter into a supplemental indenture to establish the form or terms of Securities of any series as permitted by Section 2.01 and 3.01 thereof.

WHEREAS, pursuant to Sections 2.01 and 3.01 of the Original Indenture, the Issuer desires to provide for the establishment of two series of Securities under the Original Indenture, and the form and terms thereof, as hereinafter set forth.

WHEREAS, the Issuer has requested that the Trustee execute and deliver this Fifth Supplemental Indenture. The Issuer has delivered to the Trustee an Opinion of Counsel and an Officers' Certificate pursuant to Sections 1.02 and 8.03 of the Original Indenture to the effect, among other things, that all conditions precedent provided for in the Indenture to the Trustee's execution and delivery of this Fifth Supplemental Indenture have been complied with. All acts and things necessary have been done and performed to make this Fifth Supplemental Indenture enforceable in accordance with its terms, and the execution and delivery of this Fifth Supplemental Indenture has been duly authorized in all respects.

WHEREAS the proper officers of the Issuer have duly authorized the creation and issuance of two series of Securities to be designated as 4.500% Notes due 2022 (the "**2022 Notes**") and 5.750% Notes due 2042 (the "**2042 Notes**", and together with the 2022 Notes, the "Notes") and each series to be initially limited (subject to the exceptions described herein and in the Original Indenture) to the aggregate principal amount of U.S.$250,000,000; the further terms and conditions thereof being hereinafter set forth, all in accordance with a resolution of the directors of the Issuer;

NOW, THEREFORE, THIS FIFTH SUPPLEMENTAL INDENTURE WITNESSETH: For and in consideration of the premises and the purchase of the Securities (as herein defined) by the holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Securities, as follows:

I. INTERPRETATIONS AND AMENDMENTS

1.1 Fifth Supplemental Indenture

As used herein **"Fifth Supplemental Indenture", "hereto", "herein", "hereof", "hereby", "hereunder"** and similar expressions refer to this Fifth Supplemental Indenture and not to any particular Article, Section or other portion hereof and include any and every instrument supplemental or ancillary hereto or in implementation hereof, and further include the terms of the Notes set forth in the form of Notes annexed as Schedule A-1 and Schedule A-2 hereto.

1.2 Definitions in Fifth Supplemental Indenture

All terms contained in this Fifth Supplemental Indenture which are defined in the Original Indenture and not defined herein shall, for all purposes hereof, have the meanings given to such terms in the Original Indenture, unless the context otherwise specifies or requires; provided, however, that notwithstanding the foregoing, the terms **"Issuer"** and **"Trustee"** shall have the respective meanings given to them in the Original Indenture.

1.3 Interpretation not Affected by Headings

The division of this Fifth Supplemental Indenture into Articles and Sections, the provision of the table of contents hereto and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Fifth Supplemental Indenture.

2. NOTES

2.1 Form and Terms of Notes

There shall be and there is hereby created for issuance under the Original Indenture, as supplemented by this Fifth Supplemental Indenture (i) a series of Securities which shall consist of an aggregate principal amount of U.S.$250,000,000 2022 Notes and (ii) a series of Securities which shall consist of an aggregate principal amount of U.S.$250,000,000 2042 Notes; provided, however, that if the Issuer shall, at any time after the date hereof, increase the principal amount of 2022 Notes or 2042 Notes which may be issued and issue such increased principal amount (or any portion thereof), then any such additional 2022 Notes or 2042 Notes, as applicable, so issued shall have the same form and terms (other than the date of issuance and the date from which interest thereon shall begin to accrue and, under certain circumstances, the first interest payment date), and shall carry the same right to receive accrued and unpaid interest, as the 2022 Notes or 2042 Notes theretofore issued; and provided, further, that, notwithstanding the foregoing, the Issuer shall not be entitled to increase the principal amount of 2022 Notes or 2042 Notes which may be issued or issue any such increased principal amount if the Issuer has effected satisfaction and discharge of the Indenture pursuant to Section 4.01 of the Original Indenture or defeasance or covenant defeasance pursuant to Article 12 of the Original Indenture.

The 2022 Notes will mature, and the principal of the 2022 Notes and accrued and unpaid interest thereon will be due and payable, on January 15, 2022, or such earlier date as the principal of any of the 2022 Notes may become due and payable in accordance with the provisions of the Original Indenture and this Fifth Supplemental Indenture.

The 2042 Notes will mature, and the principal of the 2042 Notes and accrued and unpaid interest thereon will be due and payable, on January 15, 2042, or such earlier date as the principal of any of the 2042 Notes may become due and payable in accordance with the provisions of the Original Indenture and this Fifth Supplemental Indenture.

The 2022 Notes and the 2042 Notes shall each bear interest on the principal amount thereof from December 1, 2011 or from the last date to which interest shall have been paid or duly made available for payment on the 2022 Notes or the 2042 Notes, as applicable, whichever is later, at the rate of (i) 4.500% per annum for the 2022 Notes and (ii) 5.750% per annum for the 2042 Notes, in each case subject to adjustment pursuant to Article 5 hereof, payable semi-annually in arrears on January 15 and July 15 (each, an "**Interest Payment Date**") in each year, commencing July 15, 2012, until the principal of and premium, if any, on the applicable series of Notes is paid or duly made available for payment; and should the Issuer at any time default in the payment of any principal of, or premium, if any, or interest on the 2022 Notes or the 2042 Notes, as applicable, when due, the Issuer shall pay interest (such interest to be payable on demand), to the extent permitted by law, on the amount in default at the same rate applicable to the series of Notes on which the Issuer defaulted. Interest on the Notes of each series shall be computed on the basis of a 360-day year comprised of twelve 30-day months. The interest payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Original Indenture, be paid to the Persons in whose names the Notes (or one or more predecessor Notes) are registered at the close of business on January 1 and July 1 (the "**Regular Record Dates**"), as the case may be, immediately prior to such Interest Payment Date, regardless of whether any such Regular Record Date is a business day. Any such interest on the Notes not so punctually paid or duly provided for on any Interest Payment Date shall be payable, as applicable, as provided in the form of 2022 Note and form of 2042 Note annexed hereto as Schedule A-1 and Schedule A-2, respectively, to this Fifth Supplemental Indenture.

The Notes constitute unsecured obligations of the Issuer and rank *pari passu* with all of its other unsecured and unsubordinated debt from time to time outstanding and *pari passu* with other notes issued pursuant to the Original Indenture.

For the purposes only of the disclosure required by the *Interest Act* (Canada), and without affecting the amount of interest payable to any holder of a Note or the calculation of interest on any Note, if the rate of interest on any Note is calculated on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

All payments of principal of and premium, if any, and interest on the Notes will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, and all references herein to "**United States dollars**", "**U.S.$**" or "**U.S. dollars**" shall be deemed to refer to such coin or currency of the United States of America.

The principal of and premium, if any, and interest on the Notes shall be payable, and the Notes may be surrendered for exchange, registration, transfer or discharge from

registration, at the Corporate Trust Office of the Trustee in the City of New York, New York, and in such other places as the Issuer may from time to time designate in accordance with the Original Indenture. The Trustee is hereby appointed as the initial Paying Agent, registrar and transfer agent for the Notes in the City of New York, New York.

The Notes of each series shall be issued only as fully registered Notes, without coupons, in denominations of U.S.$2,000 and integral multiples of U.S.$1,000 thereafter. Each series of Notes initially will be represented by one or more global Securities (collectively, the **"Global Notes"**) registered in the name of The Depository Trust Company, as Depositary or its nominee, or a successor depositary or its nominee.

The certificates representing the Notes shall bear the following legend:

> "UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS CERTIFICATE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY OTC TO A NOMINEE OF OTC OR BY A NOMINEE OF OTC TO OTC OR ANOTHER NOMINEE OF OTC OR BY OTC OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY."

The 2022 Notes and the 2042 Notes and the certificate of the Trustee endorsed thereon shall be in the form set out in Schedule A-1 and Schedule A-2, respectively, to this Fifth Supplemental Indenture with such appropriate insertions, omissions, substitutions and variations as the Trustee may approve and shall be numbered in such manner as the Trustee may approve, such approvals of the Trustee concerning any Note to be conclusively evidenced by its certification of such Note.

The Security Register referred to in Section 3.05 of the Original Indenture shall, with respect to the Notes of each series, be kept at the office or agency in the City of New York, New York that the Issuer may from time to time designate for such purpose (which shall initially be the Corporate Trust Office of the Trustee in the City of New York, New York), and at such other place or places as the Issuer with the approval of the Trustee may hereafter designate.

The Notes shall be subject to redemption at the option of the Issuer as provided in Article 3 (Optional Redemption of Notes) of this Fifth Supplemental Indenture and Article 10 of the Original Indenture and repurchase by the Issuer as provided in Article 4 (Change of Control) of this Fifth Supplemental Indenture. The Issuer shall not otherwise be required to redeem, purchase or repay Notes of either series pursuant to any mandatory redemption, sinking fund or analogous provision or at the option of the holders thereof. The Notes will not be convertible into or exchangeable for securities of any Person.

The Issuer shall be required to pay Additional Amounts as contemplated in Section 9.07 of the Original Indenture.

The Notes shall have the other terms and provisions set forth in the applicable forms of Notes attached hereto as Schedule A-1 and Schedule A-2 to this Fifth Supplemental

Indenture with the same force and effect as if such terms and provisions were set forth in full herein.

2.2 Issuance of Notes

The 2022 Notes in the aggregate principal amount of U.S.$250,000,000 and the 2042 Notes in the aggregate principal amount of U.S.$250,000,000 shall each be executed by the Designated Officer of the Issuer and delivered by the Issuer to the Trustee on the date of issue for authentication and delivery pursuant to and in accordance with the provisions of Section 3.02 of the Original Indenture and, upon the requirements of such provisions being complied with, such Notes shall be authenticated by or on behalf of the Trustee and delivered by it to or upon the Issuer Order of the Issuer without any further act or formality on the part of the Issuer. The Trustee shall have no duty or responsibility with respect to the use or application of any of the Notes so certified and delivered or the proceeds thereof.

3. OPTIONAL REDEMPTION OF NOTES

3.1 Redemption of Notes

Each of the 2022 Notes and the 2042 Notes will be redeemable at any time, in whole or in part, at the option of the Issuer (in the manner and in accordance with and subject to the terms and provisions set forth in Article 10 of the Original Indenture) at a Redemption Price equal to the greater of:

(a) 100% of the principal amount of the Notes to be redeemed; and

(b) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield, plus 45 basis points in the case of the 2022 Notes and plus 45 basis points in the case of the 2042 Notes,

plus, in each case, accrued and unpaid interest to the Redemption Date; provided that installments of interest on Notes which are due and payable on any date falling on or prior to a Redemption Date will be payable to the registered holders of such Notes (or one or more predecessor Notes), registered as such as of the close of business on the relevant Regular Record Dates.

The Issuer will provide notice to the Trustee prior to the Redemption Date of the calculation of the Redemption Price.

3.2 Certain Additional Definitions

For the purposes of this Fifth Supplemental Indenture, the following expressions shall have the following meanings:

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities,

"Comparable Treasury Price" means (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker is provided fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations,

"Independent Investment Banker" means one of the Reference Treasury Dealers selected by the Issuer or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Issuer,

"Reference Treasury Dealers" means J.P. Morgan Securities LLC or its affiliates which are primary U.S. government securities dealers, and their respective successors, plus four others which are primary U.S. Government securities dealers and their respective successors; *provided, however*, that if any of the foregoing ceases to be a primary U.S. government securities dealer in The City of New York (a "Primary Treasury Dealer"), the Issuer will substitute therefor another Primary Treasury Dealer,

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date,

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

4. CHANGE OF CONTROL

4.1 Change of Control

(a) Upon the occurrence of a Change of Control Triggering Event in respect of a series of Notes, unless all Notes of such series have been called for redemption pursuant to this Section 3.1, each Holder of Notes of such series shall have the right to require the Issuer to repurchase all or any part (equal to U.S.$2,000 or an integral multiple of U.S.$1,000

in excess thereof) of such Holder's Notes of such series at an offer price in cash equal to the Change of Control Payment.

(b) Within 30 days following any Change of Control Triggering Event, the Issuer shall mail, or cause to be mailed, a notice to each Holder of Notes of the applicable series describing the transaction or transactions that constitute the Change of Control Triggering Event and specifying:

(i) that the Change of Control Offer is being made pursuant to this Section 4.1 and that all Notes tendered will be accepted for payment;

(ii) the Change of Control Payment and the purchase date, which shall be a Business Day no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date");

(iii) the CUSIP number for the Notes;

(iv) that any Note not tendered will continue to accrue interest;

(v) that, unless the Issuer defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(vi) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(vii) that Holders will be entitled to withdraw their election referred to in clause (vi) if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased;

(viii) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion will be equal to U.S.$2,000 in

principal amount or an integral multiple of U.S.$1,000 in excess thereof; and

(ix) if such notice is mailed prior to the date of the occurrence of the Change of Control Triggering Event, that the Change of Control Offer is conditional on the Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date.

(c) The Issuer shall cause the Change of Control Offer to remain open for at least 20 Business Days or such longer period as is required by applicable law. The Issuer shall comply with the requirements of Rule l4e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change in Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.1, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.1 by virtue of such conflict.

(d) On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(i) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

(e) The Paying Agent will promptly mail to each Holder of Notes of the applicable series properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each new Note will be in a principal amount of U.S.$2,000 or an integral multiple of U.S.$1,000 in excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(f) The Issuer shall not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this

Section 4.1 applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under such Change of Control Offer.

(g) The Issuer may make a Change of Control Offer in advance of, but conditioned on, the occurrence of a Change of Control Triggering Event but otherwise in accordance with the provisions of this Section 4.1.

4.2 Certain Additional Definitions

For the purposes of this Fifth Supplemental Indenture, the following expressions shall have the following meanings:

"Below Investment Grade Rating Event" means the Notes of the applicable series are rated below an Investment Grade Rating by at least two out of three of the Rating Agencies (as defined below), if there are three Rating Agencies, or all of the Rating Agencies, if there are less than three Rating Agencies, (the ***"Required Threshold")*** on any date from the date of the public notice of an arrangement or transaction that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control, which 60-day period shall be extended if, by the end of the 60-day period, the rating of the Notes of such series is under publicly announced consideration for a possible downgrade by such number of Rating Agencies which, together with the Rating Agencies which have already lowered their ratings on the Notes of such series, as aforesaid, would aggregate in number the Required Threshold, such extension to continue for so long as consideration for a possible downgrade continues by such number of Rating Agencies which, together with the Rating Agencies which have already lowered their ratings on the Notes of such series, as aforesaid, would aggregate in number the Required Threshold.

"Change of Control" means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or amalgamation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its subsidiaries taken as a whole to any person (as such term is used in Section 13(d) of the Exchange Act) other than the Issuer, Canadian Pacific Railway Limited or any of the Issuer's or Canadian Pacific Railway Limited's subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or amalgamation) the result of which is that any person (as such term is used in Section 13(d) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of Canadian Pacific Railway Limited's voting shares; or (3) the first day on which a majority of the members of Canadian Pacific Railway Limited's Board of Directors are not Continuing Directors.

"Change of Control Offer" means an offer to repurchase Notes pursuant to Section 4.1 hereof.

"Change of Control Payment" means, with respect to Notes tendered for repurchase pursuant to a Change of Control Offer, an amount equal to 101% of the aggregate principal amount of such Notes plus accrued and unpaid interest thereon, if any, to the date of repurchase.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of Canadian Pacific Railway Limited who (1) was a member of such Board of Directors on the date of the issuance of the Notes; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of Canadian Pacific Railway Limited's proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

"DBRS" means DBRS Limited.

"Investment Grade Rating" means a rating equal to or higher than BBB (low) (or the equivalent) by DBRS, Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P.

"Moody's" means Moody's Investors Service, Inc.

"Rating Agencies" means (1) each of DBRS, Moody's and S&P; and (2) if one or more of DBRS, Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for any reason outside of the Issuer's control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, as amended, selected by the Issuer (by a resolution of its Board of Directors) as a replacement agency for one or more of DBRS, Moody's or S&P, as the case may be, or if a replacement agency is not selected, the remaining such agencies providing publicly available ratings of the Notes.

"Required Threshold" has the meaning set forth in the definition of Below Investment Grade Rating Event.

"S&P" means Standard & Poor's, a Division of The McGraw-Hill Companies, Inc.

5. INTEREST RATE ADJUSTMENT

5.1 Interest Rate Adjustment

The interest rate payable on each series of Notes will be subject to adjustments from time to time if Moody's (or, if applicable, any Substitute Rating Agency) or S&P (or, if applicable, any Substitute Rating Agency) downgrades (or subsequently upgrades) the debt rating assigned to such series of Notes, as set forth below.

If the ratings from Moody's or S&P (or, in either case if applicable, any Substitute Rating Agency) with respect to the Notes of a series is decreased to a rating set forth in the immediately following table with respect to that Rating Agency, the per annum interest rate on

the Notes of such series will increase from that set forth on the face of the applicable Note by the percentage set forth opposite that rating:

	Rating Agency		
Rating Level	**Moody's***	**S&P***	**Percentage**
1	Ba1	BB+	0.25%
2	Ba2	BB	0.50%
3	Ba3	BB-	0.75%
4	B1 or below	B+ or below	1.00%

* Including the equivalent ratings of any Substitute Rating Agency

If at any time the interest rate on any series of Notes has been adjusted upward as a result of a decrease in a rating by a Rating Agency and that Rating Agency subsequently increases its rating with respect to such series of Notes to any of the threshold ratings set forth above, the per annum interest rate on that series of Notes will be decreased such that the per annum interest rate equals the interest rate set forth on the face of the applicable Note plus the percentage set forth opposite the rating in effect immediately following the increase in the table above; *provided* that if Moody's or any Substitute Rating Agency subsequently increases its rating of any series of Notes to "Baa3" (or its equivalent if with respect to any Substitute Rating Agency) or higher and S&P or any Substitute Rating Agency subsequently increases its rating of any series of Notes to "BBB-" (or its equivalent if with respect to any Substitute Rating Agency) or higher, the interest rate on that series of Notes will be decreased to the per annum interest rate on that series of Notes set forth on the face of the applicable Note.

No adjustment in the interest rate of any series of Notes shall be made solely as a result of a Rating Agency ceasing to provide a rating. If at any time less than two Rating Agencies provide a rating of any series of Notes, the Issuer will use its commercially reasonable efforts to obtain a rating of that series of Notes from a Substitute Rating Agency, to the extent one exists, and if a Substitute Rating Agency rates that series of Notes, for purposes of determining any increase or decrease in the per annum interest rate on that series of Notes pursuant to the table above (a) such Substitute Rating Agency will be substituted for the last Rating Agency to provide a rating of that series of Notes but which has since ceased to provide such rating, (b) the relative ratings scale used by such Substitute Rating Agency to assign ratings to senior unsecured debt will be determined in good faith by an Independent Investment Banker and, for purposes of determining the applicable ratings included in the table above with respect to such Substitute Rating Agency, such ratings shall be deemed to be the equivalent ratings used by Moody's and S&P in such table and (c) the per annum interest rate on that series of Notes will increase or decrease, as the case may be, such that the interest rate equals the interest rate set forth on the face of the applicable Note plus the appropriate percentage, if any, set forth opposite the rating from such Substitute Rating Agency in the table above (taking into account the provisions of clause (b) above). For so long as (i) only one Rating Agency provides a rating of any series of Notes, any increase or decrease in the interest rate of that series of Notes necessitated by a reduction or increase in the rating by that Rating Agency shall be twice the applicable percentage set forth in the table above and (ii) no Rating Agency provides a rating of

any series of Notes, the interest rate on that series of Notes will increase to, or remain at, as the case may be, 2.00% above the interest rate set forth on the face of the applicable Note.

Each adjustment required by any decrease or increase in a rating set forth above, whether occasioned by the action of Moody's, S&P or any Substitute Rating Agency, shall be made independent of (and in addition to) any and all other adjustments. In no event shall (l) the per annum interest rate on any series of Notes be reduced below the interest rate set forth on the face of the applicable Note with respect to such series or (2) the per annum interest rate on any series of Notes exceed a rate that is 2.00% above the interest rate set forth on the face of the applicable Note.

Any interest rate increase or decrease described above will take effect on the next business day after the rating change has occurred.

The interest rates on any series of Notes will permanently cease to be subject to any adjustment described above (notwithstanding any subsequent decrease in the ratings by any Rating Agency) if that series of Notes becomes rated "A3" (or its equivalent) or higher by Moody's (or any Substitute Rating Agency) and "A-" (or its equivalent) or higher by S&P (or any Substitute Rating Agency), or one of those ratings if only rated by one Rating Agency, in each case with a stable or positive outlook.

The Issuer will provide written notice to the Trustee at any time that a Rating Agency, or Substitute Rating Agency, if applicable, adjusts the ratings applicable to each series of Notes.

The Issuer will provide written notice to the Trustee upon selection of a Substitute Rating Agency, which notice shall permit the Trustee to conclusively rely upon the rating of each series of Notes assigned by such Substitute Rating Agency.

5.2 Certain Additional Definitions

For purposes of this Fifth Supplemental Indenture, the following expression shall have the following meaning:

"Substitute Rating Agency" means a nationally recognized statistical rating organization that rates the applicable series of Note.

6. GENERAL

6.1 Effectiveness This Fifth Supplemental Indenture will become effective upon its execution and delivery.

6.2 Effect of Recitals

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Issuer, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Issuer of the Securities or the proceeds thereof. The Trustee makes no representations as to the validity or

sufficiency of this Fifth Supplemental Indenture or of the Securities except that the Trustee represents that it is duly authorized to execute and deliver this Fifth Supplemental Indenture, authenticate the Securities and perform its obligations under the Original Indenture and hereunder, and that the statements made by it or to be made by it in a Statement of Eligibility and Qualification on Form T-1 supplied to the Issuer are true and accurate.

6.3 Ratification of Original Indenture

The Original Indenture as supplemented by this Fifth Supplemental Indenture is in all respects ratified and confirmed, and this Fifth Supplemental Indenture shall be deemed part of the Original Indenture in the manner and to the extent herein and therein provided.

6.4 Limitation on Liability

The Trustee shall act at the direction of the requisite noteholders without liability.

6.5 Jurisdiction

Each of the parties hereto hereby irrevocably consents to the jurisdiction of the courts of the State of New York and of any Federal Court located in the Borough of Manhattan in the State of New York in connection with any action, suit or other proceeding arising out of or relating to this Fifth Supplemental Indenture or any action taken or omitted hereunder, and waives any claim of forum non conveniens and any objections as to laying of venue.

6.6 Governing Law This Fifth Supplemental Indenture, the Original Indenture as supplemented hereby and the Securities shall be governed by and construed in accordance with the laws of the State of New York.

6.7 Severability

In case any provision in this Fifth Supplemental Indenture, the Original Indenture as supplemented hereby or in the, Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

6.8 Acceptance of Trust

The Trustee hereby accepts the trusts in this Fifth Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein before set forth in trust for the various Persons who shall from time to time be Note holders subject to all the terms and conditions herein set forth.

6.9 Counterparts and Formal Date

This Fifth Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date first above written

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By: /s/ Marlowe Allison
Name: Marlowe Allison
Title: Vice-President and Treasurer

By: /s/ Kathryn McQuade
Name: Kathryn McQuade
Title: Executive Vice-President and Chief Financial Officer

THE BANK OF NEW YORK MELLON, as trustee

By: _____

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By: _____
Name: Marlow Allison
Title: Vice-President and Treasurer

_____

Name: Kathryn McQuade
Title: Executive Vice-President and Chief Financial Officer

THE BANK OF NEW YORK MELLON,
as Trustee

By: __/s/ Catherine F. Donohue_____

CATHERINE F. DONOHUE
VICE PRESIDENT

TABLE OF CONTENTS

Page

Schedule A-1

See attached

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Corporation (as defined below) or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Unless and until it is exchanged in whole or in part for Securities in definitive registered form, this certificate may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor Depositary or a nominee of such successor Depositary.

CANADIAN PACIFIC RAILWAY COMPANY

4.500% Notes due 2022

No. 1 US$250,000,000

CUSIP: 13645RAP9

Canadian Pacific Railway Company, a corporation duly organized and existing under the laws of Canada (herein called the "Corporation", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or its registered assigns, the principal sum of US$250,000,000 (TWO HUNDRED FIFTY MILLION UNITED STATES DOLLARS) on January 15, 2022, at the office or agency of the Corporation referred to below, and to pay interest thereon on July 15, 2012 and semi- annually thereafter, on January 15, and July 15 in each year, from December 1, 2011, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the rate of 4.500% per annum (subject to adjustment in certain circumstances as set out in Article 5 of the Fifth Supplemental Indenture), until the principal hereof is paid or duly provided for, and (to the extent lawful) to pay on demand interest on any overdue interest at the rate borne by the Securities from the date on which such overdue interest becomes payable to the date payment of such interest has been made or duly provided for. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security is registered at the close of business on the Regular Record Date for such interest, which shall be January 1 or July 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date, and such defaulted interest, and (to the extent lawful) interest on such defaulted interest at the rate borne by the Securities, may be paid to the Person in whose name this Security is registered at the close of business on a Special Record Date for the payment of

such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

(signature page to follow)

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed under its corporate seal.

Dated: December 1, 2011

CANADIAN PACIFIC RAILWAY COMPANY

By:_____
Name: Kathryn McQuade
Title: Executive Vice-President and Chief Financial Officer

By: _____
Name: Marlowe Allison
Title: Vice-President and Treasurer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in, and issued under, the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Trustee

Dated_____ By:_____
Authorized Signatory

[Reverse of Security]

This Security is one of a duly authorized issue of securities of the Corporation designated as its 4.500% Notes due 2022 (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to US$250,000,000, which may be issued under an indenture dated as of May 8, 2007, among the Corporation and The Bank of New York Mellon, as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture, as defined below), as supplemented by the Fifth Supplemental Indenture, among the Corporation and the Trustee (as supplemented by the Fifth Supplemental Indenture, the "Indenture"), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is a global Security representing US$250,000,000 aggregate principal amount of the Securities.

Payment of the principal of (and premium, if any, on) and interest on this Security will be made at the office or agency of the Corporation maintained or caused to be maintained for that purpose in New York, New York or at such other office or agency of the Corporation as may be maintained or caused to be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however,* that payment of the principal (and premium, if any) and interest may be made at the option of the Corporation (i) by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register or (ii) by wire transfer to an account maintained by the Person located in the United States entitled thereto as specified in the Security Register; *provided,* that principal paid in relation to any Security, redeemed at the option of the Corporation or upon Maturity, shall be paid to the Holder of such Security only upon presentation and surrender of such Security to such office or agency referred to above.

The Corporation will pay to the Holders such Additional Amounts as may be payable under Section 9.07 of the Indenture.

The Securities are subject to redemption upon not less than 30 nor more than 60 days' notice, at any time, as a whole or in part, at the election of the Corporation at a redemption price equal to the greater of (1) 100% of the principal amount of the Securities or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities to be redeemed (not including any portion of the payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield plus 45 basis points, plus, in the case of (1) and (2), accrued interest thereon to the date of redemption, all as provided in the Indenture.

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a

percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities.

"Comparable Treasury Price" means (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker is provided fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers selected by the Corporation or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Corporation.

"Reference Treasury Dealers" means J.P. Morgan Securities LLC or its affiliates which are primary U.S. government securities dealers, and their respective successors, plus four others which are primary U.S. Government securities dealers and their respective successors; provided, however, that if any of the foregoing ceases to be a primary U.S. government securities dealer in The City of New York (a "Primary Treasury Dealer"), the Corporation will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

The Securities are also subject to redemption as a whole but not in part, at the option of the Corporation, at any time, on not less than 30 nor more than 60 days' prior written notice to each Holder of Securities to be redeemed at such Holder's address appearing on the Security Register at a redemption price equal to 100% of the principal amount, together with accrued and unpaid interest to the date fixed for redemption, in the event there is more than an insubstantial risk that the Corporation has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Securities, any Additional Amounts as a result of any amendment or change in the laws (including any regulations promulgated thereunder) of Canada (or any political subdivision or taxing authority thereof or therein), or any amendment to or change in any official position regarding the application or interpretation of such laws or regulations, which change or amendment is announced or becomes effective on or after December 1, 2011, all as provided in Section 10.08 of the Indenture.

The Securities are also subject to redemption pursuant to Article 4 of the Fifth Supplemental Indenture.

In the case of any redemption of Securities, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record at the close of business on the relevant Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.

The Securities do not have the benefit of sinking fund obligations.

In the event of redemption of this Security in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture. ,

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Corporation on this Security and (b) certain restrictive covenants and the related Defaults and Events of Default, upon compliance by the Corporation with certain conditions set forth therein, which provisions apply to this Security.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of all affected Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities affected thereby, to waive compliance by the Corporation with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of (and premium, if any, on) and interest on this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable on the Security Register of the Corporation, upon surrender of this Security for registration of transfer at the office or agency of the Corporation maintained or caused to be maintained for such purpose in New York, New York duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation

and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form without coupons in denominations of US$2,000 and any integral multiple of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to the time of due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustees may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any agent shall be affected by notice to the contrary.

Interest on this Security shall be computed on the basis of a 360-day year of twelve 30-day months. For the purposes of the Interest Act (Canada), the yearly rate of interest which is equivalent to the rate payable hereunder is the rate payable multiplied by the actual number of days in the year and divided by 360.

As provided for in the Indenture, the Corporation may, from time to time, without notice or consent of the Holders, create and issue additional Securities so that such additional Securities shall be consolidated and form a single series with the Securities initially issued by the Corporation and shall have the same terms as to status, redemption or otherwise as the Securities originally issued.

If at any time, (i) the Depositary notifies the Corporation that it is unwilling or unable or no longer qualifies to continue as Depositary or if at any time the Depositary shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor depositary is not appointed by the Corporation within 90 days after the Corporation receives such notice or becomes aware of such condition, as the case may be, or (ii) the Corporation determines that the Securities shall no longer be represented by a global Security or Securities, then in such event the Corporation will execute and the Trustee will authenticate and deliver Securities in definitive registered form, in authorized denominations, and in an aggregate principal amount equal to the principal amount of this Security in exchange for this Security. Such Securities in definitive registered form shall be registered in such names and issued in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the Persons in whose names such Securities are so registered.

The Indenture and this Security shall be governed by and construed in accordance with the laws of the State of New York.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Schedule A-2

See attached

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Corporation (as defined below) or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Unless and until it is exchanged in whole or in part for Securities in definitive registered form, this certificate may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of OTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor Depositary or a nominee of such successor Depositary.

CANADIAN PACIFIC RAILWAY COMPANY

5.750% Notes due 2042

No. 1 US$250,000,000
CUSIP: 13645RAQ7

Canadian Pacific Railway Company, a corporation duly organized and existing under the laws of Canada (herein called the "Corporation", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or its registered assigns, the principal sum of US$250,000,000 (TWO HUNDRED FIFTY MILLION UNITED STATES DOLLARS) on January 15, 2042, at the office or agency of the Corporation referred to below, and to pay interest thereon on July 15, 2012 and semi-annually thereafter, on January 15, and July 15 in each year, from December 1, 2011, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the rate of 5.750% per annum (subject to adjustment in certain circumstances as set out in Article 5 of the Fifth Supplemental Indenture), until the principal hereof is paid or duly provided for, and (to the extent lawful) to pay on demand interest on any overdue interest at the rate borne by the Securities from the date on which such overdue interest becomes payable to the date payment of such interest has been made or duly provided for. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security is registered at the close of business on the Regular Record Date for such interest, which shall be January 1 or July 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date, and such defaulted interest, and (to the extent lawful) interest on such defaulted interest at the rate borne by the Securities, may be paid to the Person in whose name this Security is registered at the close of business on a Special Record Date for the payment of

such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

(signature page to follow)

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed under its corporate seal.

Dated: December 1, 2011

CANADIAN PACIFIC RAILWAY COMPANY

By:_____
Name: Kathryn McQuade
Title: Executive Vice-President and Chief Financial Officer

By:_____
Name: Marlowe Allison
Title: Vice-President and Treasurer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in, and issued under, the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Trustee

Dated:_____ By:_____
Authorized Signatory

[Reverse of Security]

This Security is one of a duly authorized issue of securities of the Corporation designated as its 5.750% Notes due 2042 (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to US$250,000,000, which may be issued under an indenture dated as of May 8, 2007, among the Corporation and The Bank of New York Mellon, as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture, as defined below), as supplemented by the Fifth Supplemental Indenture, among the Corporation and the Trustee (as supplemented by the Fifth Supplemental Indenture, the "Indenture"), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is a global Security representing US$250,000,000 aggregate principal amount of the Securities.

Payment of the principal of (and premium, if any, on) and interest on this Security will be made at the office or agency of the Corporation maintained or caused to be maintained for that purpose in New York, New York or at such other office or agency of the Corporation as may be maintained or caused to be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however,* that payment of the principal (and premium, if any) and interest may be made at the option of the Corporation (i) by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register or (ii) by wire transfer to an account maintained by the Person located in the United States entitled thereto as specified in the Security Register; *provided*, that principal paid in relation to any Security, redeemed at the option of the Corporation or upon Maturity, shall be paid to the Holder of such Security only upon presentation and surrender of such Security to such office or agency referred to above.

The Corporation will pay to the Holders such Additional Amounts as may be payable under Section 9.07 of the Indenture.

The Securities are subject to redemption upon not less than 30 nor more than 60 days' notice, at any time, as a whole or in part, at the election of the Corporation at a redemption price equal to the greater of (1) 100% of the principal amount of the Securities or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities to be redeemed (not including any portion of the payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield plus 45 basis points, plus, in the case of (1) and (2), accrued interest thereon to the date of redemption, all as provided in the Indenture.

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a

percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities.

"Comparable Treasury Price" means (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker is provided fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers selected by the Corporation or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Corporation.

"Reference Treasury Dealers" means J.P. Morgan Securities LLC or its affiliates which are primary U.S. government securities dealers, and their respective successors, plus four others which are primary U.S. Government securities dealers and their respective successors; provided, however, that if any of the foregoing ceases to be a primary U.S. government securities dealer in The City of New York (a "Primary Treasury Dealer"), the Corporation will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

The Securities are also subject to redemption as a whole but not in part, at the option of the Corporation, at any time, on not less than 30 nor more than 60 days' prior written notice to each Holder of Securities to be redeemed at such Holder's address appearing on the Security Register at a redemption price equal to 100% of the principal amount, together with accrued and unpaid interest to the date fixed for redemption, in the event there is more than an insubstantial risk that the Corporation has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Securities, any Additional Amounts as a result of any amendment or change in the laws (including any regulations promulgated thereunder) of Canada (or any political subdivision or taxing authority thereof or therein), or any amendment to or change in any official position regarding the application or interpretation of such laws or regulations, which change or amendment is announced or becomes effective on or after December 1, 2011, all as provided in Section 10.08 of the Indenture.

The Securities are also subject to redemption pursuant to Article 4 of the Fifth Supplemental Indenture.

In the case of any redemption of Securities, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record at the close of business on the relevant Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.

The Securities do not have the benefit of sinking fund obligations.

In the event of redemption of this Security in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Corporation on this Security and (b) certain restrictive covenants and the related Defaults and Events of Default, upon compliance by the Corporation with certain conditions set forth therein, which provisions apply to this Security.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of all affected Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities affected thereby, to waive compliance by the Corporation with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of (and premium, if any, on) and interest on this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable on the Security Register of the Corporation, upon surrender of this Security for registration of transfer at the office or agency of the Corporation maintained or caused to be maintained for such purpose in New York, New York duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation

and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form without coupons in denominations of US$2,000 and any integral multiple of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to the time of due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustees may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any agent shall be affected by notice to the contrary.

Interest on this Security shall be computed on the basis of a 360-day year of twelve 30-day months. For the purposes of the Interest Act (Canada), the yearly rate of interest which is equivalent to the rate payable hereunder is the rate payable multiplied by the actual number of days in the year and divided by 360.

As provided for in the Indenture, the Corporation may, from time to time, without notice or consent of the Holders, create and issue additional Securities so that such additional Securities shall be consolidated and form a single series with the Securities initially issued by the Corporation and shall have the same terms as to status, redemption or otherwise as the Securities originally issued.

If at any time, (i) the Depositary notifies the Corporation that it is unwilling or unable or no longer qualifies to continue as Depositary or if at any time the Depositary shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor depositary is not appointed by the. Corporation within 90 days after the Corporation receives such notice or becomes aware of such condition, as the case may be, or (ii) the Corporation determines that the Securities shall no longer be represented by a global Security or Securities, then in such event the Corporation will execute and the Trustee will authenticate and deliver Securities in definitive registered form, in authorized denominations, and in an aggregate principal amount equal to the principal amount of this Security in exchange for this Security. Such Securities in definitive registered form shall be registered in such names and issued in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the Persons in whose names such Securities are so registered.

The Indenture and this Security shall be governed by and construed in accordance with the laws of the State of New York.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Exhibit 4.7

Dated as of February 2, 2015

CANADIAN PACIFIC RAILWAY COMPANY

and

THE BANK OF NEW YORK MELLON

SIXTH SUPPLEMENTAL INDENTURE

to the

TRUST INDENTURE

Dated as of May 8, 2007

THIS SIXTH SUPPLEMENTAL INDENTURE (this "**Sixth Supplemental Indenture**") dated as of February 2, 2015 between **CANADIAN PACIFIC RAILWAY COMPANY**, a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the "**Issuer**") and **THE BANK OF NEW YORK MELLON**, a banking corporation duly organized and existing under the laws of the State of New York, having an office in the City of New York, in the State of New York (the "Trustee").

RECITALS OF THE ISSUER

WHEREAS, the Issuer and the Trustee entered into an Indenture, dated as of May 8, 2007 (the "**Original Indenture**"). Section 8.01(7) of the Original Indenture provides that the Issuer and the Trustee may, without the consent of any Holder, enter into a supplemental indenture to establish the form or terms of Securities of any series as permitted by Section 2.01 and 3.01 thereof.

WHEREAS, pursuant to Sections 2.01 and 3.01 of the Original Indenture, the Issuer desires to provide for the establishment of a series of Securities under the Original Indenture, and the form and terms thereof, as hereinafter set forth.

WHEREAS, the Issuer has requested that the Trustee execute and deliver this Sixth Supplemental Indenture. The Issuer has delivered to the Trustee an Opinion of Counsel and an Officers' Certificate pursuant to Sections 1.02 and 8.03 of the Original Indenture to the effect, among other things, that all conditions precedent provided for in the Indenture to the Trustee's execution and delivery of this Sixth Supplemental Indenture have been complied with. All acts and things necessary have been done and performed to make this Sixth Supplemental Indenture enforceable in accordance with its terms, and the execution and delivery of this Sixth Supplemental Indenture has been duly authorized in all respects.

WHEREAS, the proper officers of the Issuer have duly authorized the creation and issuance of a series of Securities to be designated as 2.900% Notes due 2025 (the "**Notes**"). The Notes are initially limited (subject to the exceptions described herein and in the Original Indenture) to the aggregate principal amount of U.S.$ 700,000,000; the further terms and conditions thereof being hereinafter set forth, all in accordance with a resolution of the directors of the Issuer;

NOW, THEREFORE, THIS SIXTH SUPPLEMENTAL INDENTURE WITNESSETH: For and in consideration of the premises and the purchase of the Securities (as herein defined) by the holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Securities, as follows:

1. INTERPRETATIONS AND AMENDMENTS

1.1 Sixth Supplemental Indenture

As used herein "**Sixth Supplemental Indenture**", "**hereto**", "**herein**", "**hereof**", "**hereby**", "**hereunder**" and similar expressions refer to this Sixth Supplemental Indenture and

not to any particular Article, Section or other portion hereof and include any and every instrument supplemental or ancillary hereto or in implementation hereof, and further include the terms of the Notes set forth in the form of Notes annexed as Schedule A hereto.

1.2 Definitions in Sixth Supplemental Indenture

All terms contained in this Sixth Supplemental Indenture which are defined in the Original Indenture and not defined herein shall, for all purposes hereof, have the meanings given to such terms in the Original Indenture, unless the context otherwise specifies or requires; provided, however, that notwithstanding the foregoing, the terms "**Issuer**" and "**Trustee**" shall have the respective meanings given to them in the Original Indenture.

1.3 Interpretation not Affected by Headings

The division of this Sixth Supplemental Indenture into Articles and Sections, the provision of the table of contents hereto and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Sixth Supplemental Indenture.

2. NOTES

2.1 Form and Terms of Notes

There shall be and there is hereby created for issuance under the Original Indenture, as supplemented by this Sixth Supplemental Indenture a series of Securities which shall consist of an aggregate principal amount of U.S.$700,000,000 of Notes; provided, however, that if the Issuer shall, at any time after the date hereof, increase the principal amount of Notes which may be issued and issue such increased principal amount (or any portion thereof), then any such additional Notes so issued shall have the same form and terms (other than the date of issuance and the date from which interest thereon shall begin to accrue and, under certain circumstances, the first interest payment date), and shall carry the same right to receive accrued and unpaid interest, as the Notes theretofore issued; and provided, further, that, notwithstanding the foregoing, the Issuer shall not be entitled to increase the principal amount of Notes which may be issued or issue any such increased principal amount if the Issuer has effected satisfaction and discharge of the Indenture pursuant to Section 4.01 of the Original Indenture or defeasance or covenant defeasance pursuant to Article 12 of the Original Indenture.

The Notes will mature, and the principal of the Notes and accrued and unpaid interest thereon will be due and payable, on February 1, 2025, or such earlier date as the principal of any of the Notes may become due and payable in accordance with the provisions of the Original Indenture and this Sixth Supplemental Indenture.

The Notes shall each bear interest on the principal amount thereof from February 2, 2015 or from the last date to which interest shall have been paid or duly made available for payment on the Notes, whichever is later, at the rate of 2.900% per annum payable semi-annually in arrears on February 1 and August 1 (each, an "**Interest Payment Date**") in each year, commencing August 1, 2015, until the principal of and premium, if any, on the Notes is paid or duly made available for payment; and should the Issuer at any time default in the payment of any

principal of, or premium, if any, or interest on the Notes when due, the Issuer shall pay interest (such interest to be payable on demand), to the extent permitted by law, on the amount in default at the same rate applicable to the Notes. Interest on the Notes shall be computed on the basis of a 360-day year comprised of twelve 30-day months. The interest payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Original Indenture, be paid to the Persons in whose names the Notes (or one or more predecessor Notes) are registered at the close of business on January 17 and July 17 (the "**Regular Record Dates**"), as the case may be, immediately prior to such Interest Payment Date, regardless of whether any such Regular Record Date is a Business Day. Any such interest on the Notes not so punctually paid or duly provided for on any Interest Payment Date shall be payable, as applicable, as provided in the form of Note annexed hereto as Schedule A-2 to this Sixth Supplemental Indenture.

The Notes constitute unsecured obligations of the Issuer and rank *pari passu* with all of its other unsecured and unsubordinated debt from time to time outstanding and *pari passu* with other notes issued pursuant to the Original Indenture.

For the purposes only of the disclosure required by the *Interest Act* (Canada), and without affecting the amount of interest payable to any holder of a Note or the calculation of interest on any Note, if the rate of interest on any Note is calculated on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

All payments of principal of and premium, if any, and interest on the Notes will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, and all references herein to "**United States dollars**", "**U.S.$**" or "**U.S. dollars**" shall be deemed to refer to such coin or currency of the United States of America.

The principal of and premium, if any, and interest on the Notes shall be payable, and the Notes may be surrendered for exchange, registration, transfer or discharge from registration, at the Corporate Trust Office of the Trustee in the City of New York, New York, and in such other places as the Issuer may from time to time designate in accordance with the Original Indenture. The Trustee is hereby appointed as the initial Paying Agent, registrar and transfer agent for the Notes in the City of New York, New York.

The Notes shall be issued only as fully registered Notes, without coupons, in denominations of U.S.$2,000 and integral multiples of U.S.$1,000 thereafter. The Notes initially will be represented by one or more global Securities (collectively, the "**Global Notes**") registered in the name of The Depository Trust Company, as Depositary or its nominee, or a successor depositary or its nominee.

The certificates representing the Notes shall bear the following legend:

"UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED

FORM, THIS CERTIFICATE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY DTC TO A NOMINEE OF DTC OR BY A NOMINEE OF DTC TO DTC OR ANOTHER NOMINEE OF DTC OR BY DTC OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY."

The Notes and the certificate of authentication of the Trustee endorsed thereon shall be in the form set out in Schedule A to this Sixth Supplemental Indenture with such appropriate insertions, omissions, substitutions and variations as the Trustee may approve and shall be numbered in such manner as the Trustee may approve, such approvals of the Trustee concerning any Note to be conclusively evidenced by its certification of such Note.

The Security Register referred to in Section 3.05 of the Original Indenture shall, with respect to the Notes, be kept at the office or agency in the City of New York, New York that the Issuer may from time to time designate for such purpose (which shall initially be the Corporate Trust Office of the Trustee in the City of New York, New York), and at such other place or places as the Issuer with the approval of the Trustee may hereafter designate.

The Notes shall be subject to redemption at the option of the Issuer as provided in Article 3 (Optional Redemption of Notes) of this Sixth Supplemental Indenture and Article 10 of the Original Indenture and the Notes shall be subject to repurchase by the Issuer as provided in Article 4 (Change of Control) of this Sixth Supplemental Indenture. The Issuer shall not otherwise be required to redeem, purchase or repay Notes pursuant to any mandatory redemption, sinking fund or analogous provision or at the option of the holders thereof. The Notes will not be convertible into or exchangeable for securities of any Person.

The Issuer shall be required to pay Additional Amounts as contemplated in Section 9.07 of the Original Indenture.

The Notes shall have the other terms and provisions set forth in the form of Note attached hereto as Schedule A to this Sixth Supplemental Indenture with the same force and effect as if such terms and provisions were set forth in full herein.

2.2 Issuance of Notes

The Notes in the aggregate principal amount of U.S.$700,000,000 shall be executed on behalf of the Issuer by any two of the following officers: its Chairman of the Board, its President, any of its Vice Presidents, the Secretary, the Treasurer, or any of its Assistant Treasurers and delivered by the Issuer to the Trustee on the date of issue for authentication and delivery pursuant to and in accordance with the provisions of Section 3.02 of the Original Indenture and, upon the requirements of such provisions being complied with, such Notes shall be authenticated by or on behalf of the Trustee and delivered by it to or upon the Issuer Order of the Corporation without any further act or formality on the part of the Issuer. The Trustee shall have no duty or responsibility with respect to the use or application of any of the Notes so certified and delivered or the proceeds thereof.

3. OPTIONAL REDEMPTION OF NOTES

3.1 Redemption of Notes

Prior to November 1, 2024, (the date that is three months prior to the maturity date of the Notes), the Issuer may redeem the Notes, in whole or in part, at the option of the Issuer (in the manner and in accordance with and subject to the terms and provisions set forth in Article 10 of the Original Indenture), at any time or from time to time, at a Redemption Price equal to the greater of:

(a) 100% of the principal amount of the Notes to be redeemed; and

(b) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of any portion of the payments of interest accrued to the date of redemption) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield, plus 20 basis points,

plus, in each case, accrued and unpaid interest to but excluding the Redemption Date; provided that installments of interest on Notes which are due and payable on any date falling on or prior to a Redemption Date will be payable to the registered holders of such Notes (or one or more predecessor Notes), registered as such as of the close of business on the relevant Regular Record Dates.

On or after November 1, 2024, (the date that is three months prior to the maturity date of the Notes), the Notes will be redeemable, in whole or in part, at the option of the Issuer (in the manner and in accordance with and subject to the terms and provisions set forth in Article 10 of the Original Indenture), at any time or from time to time, at a Redemption Price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest thereon to but excluding the date of redemption.

The Issuer will provide notice to the Trustee prior to the Redemption Date of the calculation of the Redemption Price.

3.2 Certain Additional Definitions

For the purposes of this Sixth Supplemental Indenture, the following expressions shall have the following meanings:

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"Comparable Treasury Price" means (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers selected by the Issuer or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Issuer.

"Reference Treasury Dealers" means (A) Morgan Stanley & Co. LLC, HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Markets Inc., RBC Capital Markets, LLC and Wells Fargo Securities, LLC or their affiliates which are primary U.S. government securities dealers, and their respective successors, plus one other which is a primary U.S. Government securities dealer and its respective successors; provided, however, that if any of the foregoing ceases to be a primary U.S. government securities dealer in The City of New York (a "**Primary Treasury Dealer**"), the Issuer will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30 p.m. New York time on the third Business Day preceding such redemption date.

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

In the event that the Independent Investment Banker fails to provide the Trustee with the Reference Treasury Dealer Quotations, the Issuer will use commercially reasonable efforts to assist the Trustee in obtaining such quotations.

4. CHANGE OF CONTROL

4.1 Change of Control

(a) Upon the occurrence of a Change of Control Triggering Event in respect of the Notes, unless all Notes have been called for redemption pursuant to Section 3.1, each Holder of Notes shall have the right to require the Issuer to repurchase all or any part (equal to U.S.$2,000 or an integral multiple of U.S.$1,000 in excess thereof) of such Holder's Notes at an offer price in cash equal to the Change of Control Payment.

(b) Within 30 days following any Change of Control Triggering Event, the Issuer shall send a notice to each Holder of Notes describing the transaction or transactions that constitute the Change of Control Triggering Event and specifying:

(i) that the Change of Control Offer is being made pursuant to this Section 4.1 and that all Notes tendered will be accepted for payment;

(ii) the Change of Control Payment and the purchase date, which shall be a Business Day no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date");

(iii) the CUSIP number for the Notes;

(iv) that any Note not tendered will continue to accrue interest;

(v) that, unless the Issuer defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(vi) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(vii) that Holders will be entitled to withdraw their election referred to in clause (vi) if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased;

(viii) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion will be equal to U.S.$2,000 in principal amount or an integral multiple of U.S.$1,000 in excess thereof; and

(ix) if such notice is mailed prior to the date of the occurrence of the Change of Control Triggering Event, that the Change of Control Offer is conditional on the Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date.

(c) The Issuer shall cause the Change of Control Offer to remain open for at least 20 Business Days or such longer period as is required by applicable law. The Issuer shall comply with the requirements of Rule 14e−1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change in Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.1, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.1 by virtue of such conflict.

(d) On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(i) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

(e) The Paying Agent will promptly mail to each Holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and send (or cause to be transferred by book entry) to each Holder a new note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each new Note will be in a principal amount of U.S.$2,000 or an integral multiple of U.S.$1,000 in excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(f) The Issuer shall not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.1 applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under such Change of Control Offer.

(g) The Issuer may make a Change of Control Offer in advance of, but conditioned on, the occurrence of a Change of Control Triggering Event but otherwise in accordance with the provisions of this Section 4.1.

(h) The Issuer shall be solely responsible for monitoring the occurrence of a Change of Control Triggering Event.

4.2 Certain Additional Definitions

For the purposes of this Sixth Supplemental Indenture, the following expressions shall have the following meanings:

"Below Investment Grade Rating Event" means the Notes are rated below an Investment Grade Rating by at least two out of three of the Rating Agencies (as defined below), if there are three Rating Agencies, or all of the Rating Agencies, if there are less than three Rating Agencies, (the ***"Required Threshold"***) on any date from the date of the public notice of an arrangement or transaction that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control, which 60-day period shall be extended if, by the end of the 60-day period, the rating of the Notes is under publicly announced consideration for a possible downgrade by such number of Rating Agencies which, together with the Rating Agencies which have already lowered their ratings on the Notes, as aforesaid, would aggregate in number the Required Threshold, such extension to continue for so long as consideration for a possible downgrade continues by such number of Rating Agencies which, together with the Rating Agencies which have already lowered their ratings on the Notes, as aforesaid, would aggregate in number the Required Threshold.

"Change of Control" means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or amalgamation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its subsidiaries taken as a whole to any person (as such term is used in Section 13(d) of the Exchange Act) other than the Issuer, Canadian Pacific Railway Limited or any of the Issuer's or Canadian Pacific Railway Limited's subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or amalgamation) the result of which is that any person (as such term is used in Section 13(d) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of Canadian Pacific Railway Limited's voting shares; or (3) the first day on which a majority of the members of Canadian Pacific Railway Limited's Board of Directors are not Continuing Directors.

"Change of Control Offer" means an offer to repurchase Notes pursuant to Section 4.1 hereof.

"Change of Control Payment" means, with respect to Notes tendered for repurchase pursuant to a Change of Control Offer, an amount equal to 101% of the aggregate principal amount of such Notes plus accrued and unpaid interest thereon, if any, to the date of repurchase.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of Canadian Pacific Railway Limited who (i) was a member of such Board of Directors on the date of the issuance of the Notes; or (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of Canadian Pacific Railway Limited's proxy statement in

which such member was named as a nominee for election as a director, without objection to such nomination).

"DBRS" means DBRS Limited.

"Investment Grade Rating" means a rating equal to or higher than BBB (low) (or the equivalent) by DBRS, Baa3 (or the equivalent) by Moody's and BBB– (or the equivalent) by S&P.

"Moody's" means Moody's Investors Service, Inc.

"Rating Agencies" means (1) each of DBRS, Moody's and S&P; and (2) if one or more of DBRS, Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for any reason outside of the Issuer's control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, as amended, selected by the Issuer (by a resolution of its Board of Directors) as a replacement agency for one or more of DBRS, Moody's or S&P, as the case may be, or if a replacement agency is not selected, the remaining such agencies providing publicly available ratings of the Notes.

"Required Threshold" has the meaning set forth in the definition of Below Investment Grade Rating Event.

"S&P" means Standard & Poor's, a Division of The McGraw-Hill Companies, Inc.

5. [RESERVED]

6. GENERAL

6.1 Effectiveness

This Sixth Supplemental Indenture will become effective upon its execution and delivery.

6.2 Effect of Recitals

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Issuer, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Issuer of the Securities or the proceeds thereof. The Trustee makes no representations as to the validity or sufficiency of this Sixth Supplemental Indenture or of the Securities except that the Trustee represents that it is duly authorized to execute and deliver this Sixth Supplemental Indenture, authenticate the Securities and perform its obligations under the Original Indenture and

hereunder, and that the statements made by it or to be made by it in a Statement of Eligibility and Qualification on Form T-1 supplied to the Issuer are true and accurate.

6.3 Ratification of Original Indenture

The Original Indenture as supplemented by this Sixth Supplemental Indenture is in all respects ratified and confirmed, and this Sixth Supplemental Indenture shall be deemed part of the Original Indenture in the manner and to the extent herein and therein provided.

6.4 Limitation on Liability

The Trustee shall act at the direction of the requisite Holders without liability.

6.5 Jurisdiction

Each of the parties hereto hereby irrevocably consents to the jurisdiction of the courts of the State of New York and of any Federal Court located in the Borough of Manhattan in the State of New York in connection with any action, suit or other proceeding arising out of or relating to this Sixth Supplemental Indenture or any action taken or omitted hereunder, and waives any claim of forum non conveniens and any objections as to laying of venue.

6.6 Governing Law

This Sixth Supplemental Indenture, the Original Indenture as supplemented hereby and the Securities shall be governed by and construed in accordance with the laws of the State of New York.

6.7 Severability

In case any provision in this Sixth Supplemental Indenture, the Original Indenture as supplemented hereby or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

6.8 Acceptance of Trust

The Trustee hereby accepts the trusts in this Sixth Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein before set forth in trust for the various Persons who shall from time to time be Holders subject to all the terms and conditions herein set forth.

6.9 Counterparts and Formal Date

This Sixth Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date first above written.

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By: /s/ Bart W. Demosky
Name: Bart W. Demosky
Title: Executive Vice-President
Chief Financial Officer

By: /s/ Darren J. Yaworsky
Name: Darren J. Yaworsky
Title: Vice-President and Treasurer

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By_____

Name: Bart W. Demosky
Title: Executive Vice-President
Chief Financial Officer

By:_____

Name: Darren J. Yaworsky
Title: Vice-President and Treasurer

THE BANK OF NEW YORK MELLON, as Trustee

By: /s/ John T. Needham, Jr.

Name: John T. Needham, Jr.
Title: Vice President

TABLE OF CONTENTS

Page

Schedule A

See attached

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Corporation (as defined below) or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Unless and until it is exchanged in whole or in part for Securities in definitive registered form, this certificate may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor Depositary or a nominee of such successor Depositary.

CANADIAN PACIFIC RAILWAY COMPANY

2.900 % Notes due 2025

No. US$

CUSIP: 13645R AS3

Canadian Pacific Railway Company, a corporation duly organized and existing under the laws of Canada (herein called the "Corporation", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or its registered assigns, the principal sum of US$ (HUNDRED MILLION UNITED STATES DOLLARS) on February 1, 2025, at the office or agency of the Corporation referred to below, and to pay interest thereon on August 1, 2015 and semi-annually thereafter, on February 1, and August 1 in each year, from February 2, 2015, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the rate of 2.900% per annum, until the principal hereof is paid or duly provided for, and (to the extent lawful) to pay on demand interest on any overdue interest at the rate borne by the Securities from the date on which such overdue interest becomes payable to the date payment of such interest has been made or duly provided for. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security is registered at the close of business on the Regular Record Date for such interest, which shall be January 17 or July 17 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date, and such defaulted interest, and (to the extent lawful) interest on such defaulted interest at the rate borne by the Securities, may be paid to the Person in whose name this Security is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities not less than 10

days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

(signature page to follow)

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed under its corporate seal.

Dated:

CANADIAN PACIFIC RAILWAY COMPANY

By _____

Name: Bart W. Demosky
Title: Executive Vice-President and Chief Financial Officer

By _____

Name: Darren J. Yaworsky
Title: Vice-President and Treasurer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in, and issued under, the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Trustee

Dated: _____ By: _____
Authorized Signatory

[Reverse of Security]

This Security is one of a duly authorized issue of securities of the Corporation designated as its 2.900% Notes due 2025 (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to US$700,000,000, which may be issued under an indenture dated as of May 8, 2007, among the Corporation and The Bank of New York Mellon, as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture, as defined below), as supplemented by the Sixth Supplemental Indenture, among the Corporation and the Trustee (as supplemented by the Sixth Supplemental Indenture, the "Indenture"), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is a global Security representing $US aggregate principal amount of the Securities.

Payment of the principal of (and premium, if any, on) and interest on this Security will be made at the office or agency of the Corporation maintained or caused to be maintained for that purpose in New York, New York or at such other office or agency of the Corporation as may be maintained or caused to be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however,* that payment of the principal (and premium, if any) and interest may be made at the option of the Corporation (i) by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register or (ii) by wire transfer to an account maintained by the Person located in the United States entitled thereto as specified in the Security Register; *provided*, that principal paid in relation to any Security, redeemed at the option of the Corporation or upon Maturity, shall be paid to the Holder of such Security only upon presentation and surrender of such Security to such office or agency referred to above.

The Corporation will pay to the Holders such Additional Amounts as may be payable under Section 9.07 of the Indenture.

Prior to November 1, 2024 (the date that is three months prior to the maturity date of the Securities), the Corporation may redeem the Securities, in whole or in part, at the option of the Corporation, at any time or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Securities to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities to be redeemed (exclusive of any portion of the payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360- day year consisting of twelve 30-day months) at the Treasury Yield plus 20 basis points, plus, in the case of (1) and (2), accrued interest thereon to, but excluding, the date of redemption, all as provided in the Indenture.

On or after November 1, 2024 (the date that is three months prior to the maturity date of the Securities) the Corporation may redeem the Securities, in whole or in part, at a redemption price equal to 100% of the principal amount of the Securities to be redeemed, plus accrued and unpaid interest thereon to, but excluding, the date of redemption.

Holders of Securities to be redeemed will receive notice of redemption delivered at least 30 and not more than 60 days prior to the date fixed for redemption.

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities.

"Comparable Treasury Price" means (I) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers selected by the Corporation or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Corporation.

"Reference Treasury Dealers" means Morgan Stanley & Co. LLC, HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporation, Citigroup Markets Inc., RBC Capital Markets, LLC and Wells Fargo Securities, LLC or their affiliates which are primary U.S. government securities dealers, and their respective successors, plus one other which is a primary U.S. Government securities dealer and its respective successors; provided, however, that if any of the foregoing ceases to be a primary U.S. government securities dealer in The City of New York (a "Primary Treasury Dealer"), the Corporation will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30p.m. New York time on the third business day preceding such redemption date.

The Securities are also subject to redemption as a whole but not in part, at the option of the Corporation, at any time, on not less than 30 nor more than 60 days' prior written notice to each Holder of Securities to be redeemed at such Holder's address appearing on the Security Register at a redemption price equal to 100% of the principal amount, together with accrued and unpaid interest to but excluding the date fixed for redemption, in the event there is more than an insubstantial risk that the Corporation has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Securities, any Additional

Amounts as a result of any amendment or change in the laws (including any regulations promulgated thereunder) of Canada (or any political subdivision or taxing authority thereof or therein), or any amendment to or change in any official position regarding the application or interpretation of such laws or regulations, which change or amendment is announced or becomes effective on or after January 28, 2015, all as provided in Section 10.08 of the Indenture.

The Securities are also subject to redemption pursuant to Article 3 of the Sixth Supplemental Indenture.

In the case of any redemption of Securities, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record at the close of business on the relevant Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.

The Securities do not have the benefit of sinking fund obligations.

In the event of redemption of this Security in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Corporation on this Security and (b) certain restrictive covenants and the related Defaults and Events of Default, upon compliance by the Corporation with certain conditions set forth therein, which provisions apply to this Security.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of all affected Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities affected thereby, to waive compliance by the Corporation with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of (and premium, if any, on) and interest on this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable on the Security Register of the Corporation, upon surrender of this Security for registration of transfer at the office or agency of the Corporation maintained or caused to be maintained for such purpose in New York, New York duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form without coupons in denominations of US$2,000 and any integral multiple of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to the time of due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustees may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any agent shall be affected by notice to the contrary.

Interest on this Security shall be computed on the basis of a 360-day year of twelve 30-day months.

For the purposes only of the disclosure required by the *Interest Act* (Canada), and without affecting the amount of interest payable to any holder of a Note or the calculation of interest on any Note, if the rate of interest on any Note is calculated on the basis of a year which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

As provided for in the Indenture, the Corporation may, from time to time, without notice or consent of the Holders, create and issue additional Securities so that such additional Securities shall be consolidated and form a single series with the Securities initially issued by the Corporation and shall have the same terms as to status, redemption or otherwise as the Securities originally issued.

If at any time, (i) the Depositary notifies the Corporation that it is unwilling or unable or no longer qualifies to continue as Depositary or if at any time the Depositary shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor depositary is not appointed by the. Corporation within 90 days after the Corporation receives such notice or becomes aware of such condition, as the case may be, or (ii) the Corporation determines that the Securities shall no

longer be represented by a global Security or Securities, then in such event the Corporation will execute and the Trustee will authenticate and deliver Securities in definitive registered form, in authorized denominations, and in an aggregate principal amount equal to the principal amount of this Security in exchange for this Security. Such Securities in definitive registered form shall be registered in such names and issued in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the Persons in whose names such Securities are so registered.

The Indenture and this Security shall be governed by and construed in accordance with the laws of the State of New York.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Exhibit 4.8

Dated as of August 3, 2015

CANADIAN PACIFIC RAILWAY COMPANY

and

THE BANK OF NEW YORK MELLON

SEVENTH SUPPLEMENTAL INDENTURE

to the

TRUST INDENTURE

Dated as of May 8, 2007

THIS SEVENTH SUPPLEMENTAL INDENTURE (this "**Seventh Supplemental Indenture**") dated as of August 3, 2015 between **CANADIAN PACIFIC RAILWAY COMPANY**, a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the "**Issuer**") and **THE BANK OF NEW YORK MELLON**, a banking corporation duly organized and existing under the laws of the State of New York, having an office in the City of New York, in the State of New York (the "Trustee").

RECITALS OF THE ISSUER

WHEREAS, the Issuer and the Trustee entered into an Indenture, dated as of May 8, 2007 (the "**Original Indenture**"). Section 8.01(7) of the Original Indenture provides that the Issuer and the Trustee may, without the consent of any Holder, enter into a supplemental indenture to establish the form or terms of Securities of any series as permitted by Section 2.01 and 3.01 thereof.

WHEREAS, pursuant to Sections 2.01 and 3.01 of the Original Indenture, the Issuer desires to provide for the establishment of two series of Securities under the Original Indenture, and the forms and terms thereof, as hereinafter set forth.

WHEREAS, the Issuer has requested that the Trustee execute and deliver this Seventh Supplemental Indenture. The Issuer has delivered to the Trustee an Opinion of Counsel and an Officers' Certificate pursuant to Sections 1.02 and 8.03 of the Original Indenture to the effect, among other things, that all conditions precedent provided for in the Indenture to the Trustee's execution and delivery of this Seventh Supplemental Indenture have been complied with. All acts and things necessary have been done and performed to make this Seventh Supplemental Indenture enforceable in accordance with its terms, and the execution and delivery of this Seventh Supplemental Indenture has been duly authorized in all respects.

WHEREAS the proper officers of the Issuer have duly authorized the creation and issuance of two series of Securities to be designated as (i) 3.700% Notes due 2026 (the "**2026 Notes**"), to be initially limited (subject to the exceptions described herein and in the Original Indenture) to the aggregate principal amount of U.S.$250,000,000 and (ii) 4.800% Notes due 2045 (the "**2045 Notes**", and together with the 2026 Notes, the "**Notes**"), to be initially limited (subject to the exceptions described herein and in the Original Indenture) to the aggregate principal amount of U.S.$550,000,000; the further terms and conditions thereof being hereinafter set forth, all in accordance with a resolution of the directors of the Issuer;

NOW, THEREFORE, THIS SEVENTH SUPPLEMENTAL INDENTURE WITNESSETH: For and in consideration of the premises and the purchase of the Notes by the holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Notes, as follows:

1. INTERPRETATIONS AND AMENDMENTS

1.1 Seventh Supplemental Indenture

As used herein "**Seventh Supplemental Indenture**", "**hereto**", "**herein**", "**hereof**", "**hereby**", "**hereunder**" and similar expressions refer to this Seventh Supplemental Indenture and not to any particular Article, Section or other portion hereof and include any and every instrument supplemental or ancillary hereto or in implementation hereof, and further include the terms of the Notes set forth in the form of Notes annexed as Schedule A-1 and Schedule A-2 hereto.

1.2 Definitions in Seventh Supplemental Indenture

All terms contained in this Seventh Supplemental Indenture which are defined in the Original Indenture and not defined herein shall, for all purposes hereof, have the meanings given to such terms in the Original Indenture, unless the context otherwise specifies or requires; provided, however, that notwithstanding the foregoing, the terms "**Issuer**" and "**Trustee**" shall have the respective meanings given to them in the Original Indenture.

1.3 Interpretation not Affected by Headings

The division of this Seventh Supplemental Indenture into Articles and Sections, the provision of the table of contents hereto and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Seventh Supplemental Indenture.

2. NOTES

2.1 Form and Terms of Notes

There shall be and there is hereby created for issuance under the Original Indenture, as supplemented by this Seventh Supplemental Indenture (i) a series of Securities which shall consist of an aggregate principal amount of U.S.$250,000,000 2026 Notes and (ii) a series of Securities which shall consist of an aggregate principal amount of U.S.$550,000,000 2045 Notes; provided, however, that if the Issuer shall, at any time after the date hereof, increase the principal amount of 2026 Notes or 2045 Notes which may be issued and issue such increased principal amount (or any portion thereof), then any such additional 2026 Notes or 2045 Notes, as applicable, so issued shall have the same form and terms (other than the date of issuance and the date from which interest thereon shall begin to accrue and, under certain circumstances, the first interest payment date), and shall carry the same right to receive accrued and unpaid interest, as the 2026 Notes or 2045 Notes theretofore issued; and provided, further, that, notwithstanding the foregoing, the Issuer shall not be entitled to increase the principal amount of 2026 Notes or 2045 Notes which may be issued or issue any such increased principal amount if the Issuer has effected satisfaction and discharge of the Indenture pursuant to Section 4.01 of the Original Indenture or defeasance or covenant defeasance pursuant to Article 12 of the Original Indenture.

The 2026 Notes will mature, and the principal of the 2026 Notes and accrued and unpaid interest thereon will be due and payable, on February 1, 2026, or such earlier date as the principal of any of the 2026 Notes may become due and payable in accordance with the provisions of the Original Indenture and this Seventh Supplemental Indenture.

The 2045 Notes will mature, and the principal of the 2045 Notes and accrued and unpaid interest thereon will be due and payable, on August 1, 2045, or such earlier date as the principal of any of the 2045 Notes may become due and payable in accordance with the provisions of the Original Indenture and this Seventh Supplemental Indenture.

The 2026 Notes and the 2045 Notes shall each bear interest on the principal amount thereof from August 3, 2015 or from the last date to which interest shall have been paid or duly made available for payment on the 2026 Notes or the 2045 Notes, as applicable, whichever is later, at the rate of (i) 3.700% per annum for the 2026 Notes and (ii) 4.800% per annum for the 2045 Notes, payable semi-annually in arrears on February 1 and August 1 (each, an "**Interest Payment Date**") in each year, commencing February 1, 2016 until the principal of and premium, if any, on the applicable series of Notes is paid or duly made available for payment; and should the Issuer at any time default in the payment of any principal of, or premium, if any, or interest on the 2026 Notes or the 2045 Notes, as applicable, when due, the Issuer shall pay interest (such interest to be payable on demand), to the extent permitted by law, on the amount in default at the same rate applicable to the series of Notes on which the Issuer defaulted. Interest on the 2026 Notes and 2045 Notes shall be computed on the basis of a 360-day year comprised of twelve 30-day months. The interest payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Original Indenture, be paid to the Persons in whose names the 2026 Notes and 2045 Notes (or one or more predecessor Notes) are registered at the close of business on January 17 and July 17 (the "**Regular Record Dates**"), as the case may be, immediately prior to such Interest Payment Date, regardless of whether any such Regular Record Date is a Business Day. Any such interest on the 2026 Notes and 2045 Notes not so punctually paid or duly provided for on any Interest Payment Date shall be payable, as applicable, as provided in the form of 2026 Note and form of 2045 Note annexed hereto as Schedule A-1 and Schedule A-2, respectively, to this Seventh Supplemental Indenture.

The 2026 Notes and 2045 Notes constitute unsecured obligations of the Issuer and rank *pari passu* with all of its other unsecured and unsubordinated debt from time to time outstanding and *pari passu* with other notes issued pursuant to the Original Indenture.

For the purposes only of the disclosure required by the *Interest Act* (Canada), and without affecting the amount of interest payable to any holder of a Note or the calculation of interest on any Note, if the rate of interest on any Note is calculated on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

All payments of principal of and premium, if any, and interest on the Notes will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, and all references herein to "**United States dollars**", "**U.S.$**" or "**U.S. dollars**" shall be deemed to refer to such coin or currency of the United States of America.

The principal of and premium, if any, and interest on the Notes shall be payable, and the Notes may be surrendered for exchange, registration, transfer or discharge from

registration, at the Corporate Trust Office of the Trustee in the City of New York, New York, and in such other places as the Issuer may from time to time designate in accordance with the Original Indenture. The Trustee is hereby appointed as the initial Paying Agent, registrar and transfer agent for the Notes in the City of New York, New York.

The Notes of each series shall be issued only as fully registered Notes, without coupons, in denominations of U.S.$2,000 and integral multiples of U.S.$1,000 thereafter. Each series of Notes initially will be represented by one or more global Securities (collectively, the "**Global Notes**") registered in the name of The Depository Trust Company, as Depositary or its nominee, or a successor depositary or its nominee.

The certificates representing the Notes shall bear the following legend:

> "UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS CERTIFICATE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY DTC TO A NOMINEE OF DTC OR BY A NOMINEE OF DTC TO DTC OR ANOTHER NOMINEE OF DTC OR BY DTC OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY."

The 2026 Notes and the 2045 Notes and the certificate of authentication of the Trustee endorsed thereon shall be in the applicable forms set out in Schedule A-1 and Schedule A-2, respectively, to this Seventh Supplemental Indenture with such appropriate insertions, omissions, substitutions and variations as the Trustee may approve and shall be numbered in such manner as the Trustee may approve, such approvals of the Trustee concerning any Note to be conclusively evidenced by its certification of such Note.

The Security Register referred to in Section 3.05 of the Original Indenture shall, with respect to the Notes of each series, be kept at the office or agency in the City of New York, New York that the Issuer may from time to time designate for such purpose (which shall initially be the Corporate Trust Office of the Trustee in the City of New York, New York), and at such other place or places as the Issuer with the approval of the Trustee may hereafter designate.

The Notes shall be subject to redemption at the option of the Issuer as provided in Article 3 (Optional Redemption of Notes) of this Seventh Supplemental Indenture and Article 10 of the Original Indenture and the Notes shall be subject to repurchase by the Issuer as provided in Article 4 (Change of Control) of this Seventh Supplemental Indenture. The Issuer shall not otherwise be required to redeem, purchase or repay Notes of either series pursuant to any mandatory redemption, sinking fund or analogous provision or at the option of the holders thereof. The Notes will not be convertible into or exchangeable for securities of any Person.

The Issuer shall be required to pay Additional Amounts as contemplated in Section 9.07 of the Original Indenture.

The Notes shall have the other terms and provisions set forth in the applicable forms of 2026 Notes and 2045 Notes attached hereto as Schedule A-1 and Schedule A-2,

respectively, to this Seventh Supplemental Indenture with the same force and effect as if such terms and provisions were set forth in full herein.

2.2 Issuance of Notes

The 2026 Notes in the aggregate principal amount of U.S.$250,000,000 and the 2045 Notes in the aggregate principal amount of U.S.$550,000,000 shall each be executed on behalf of the Issuer by any two of the following officers: its Chairman of the Board, its President, any of its Vice Presidents, the Secretary, the Treasurer, or any of its Assistant Treasurers and delivered by the Issuer to the Trustee on the date of issue for authentication and delivery pursuant to and in accordance with the provisions of Section 3.02 of the Original Indenture and, upon the requirements of such provisions being complied with, such Notes shall be authenticated by or on behalf of the Trustee and delivered by it to or upon the Issuer Order of the Corporation without any further act or formality on the part of the Issuer. The Trustee shall have no duty or responsibility with respect to the use or application of any of the Notes so certified and delivered or the proceeds thereof.

3. OPTIONAL REDEMPTION OF NOTES

3.1 Redemption of Notes

Prior to November 1, 2025, (the date that is three months prior to the maturity date of the 2026 Notes), the Issuer may redeem the 2026 Notes, in whole or in part, at the option of the Issuer (in the manner and in accordance with and subject to the terms and provisions set forth in Article 10 of the Original Indenture), at any time or from time to time, at a Redemption Price equal to the greater of:

(a) 100% of the principal amount of the 2026 Notes to be redeemed; and

(b) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if the 2026 Notes matured on November 1, 2025 (the date that is three months prior to the maturity date of the 2026 Notes) (exclusive of any portion of the payments of interest accrued to the date of redemption) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield, plus 25 basis points,

plus, in each case, accrued and unpaid interest to but excluding the Redemption Date; provided that installments of interest on 2026 Notes which are due and payable on any date falling on or prior to a Redemption Date will be payable to the registered holders of such 2026 Notes (or one or more predecessor 2026 Notes), registered as such as of the close of business on the relevant Regular Record Dates.

On or after November 1, 2025, (the date that is three months prior to the maturity date of the 2026 Notes), the 2026 Notes will be redeemable, in whole or in part, at the option of the Issuer (in the manner and in accordance with and subject to the terms and provisions set forth in Article 10 of the Original Indenture), at any time or from time to time, at a Redemption Price

equal to 100% of the principal amount of the 2026 Notes to be redeemed, plus accrued and unpaid interest thereon to but excluding the date of redemption.

Prior to February 1, 2045, (the date that is six months prior to the maturity date of the 2045 Notes), the Issuer may redeem the 2045 Notes, in whole or in part, at the option of the Issuer (in the manner and in accordance with and subject to the terms and provisions set forth in Article 10 of the Original Indenture), at any time or from time to time, at a Redemption Price equal to the greater of:

(c) 100% of the principal amount of the 2045 Notes to be redeemed; and

(d) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if the 2045 Notes matured on February 1, 2045 (the date that is six months prior to the maturity date of the 2045 Notes) (exclusive of any portion of the payments of interest accrued to the date of redemption) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield, plus 30 basis points,

plus, in each case, accrued and unpaid interest to but excluding the Redemption Date; provided that installments of interest on 2045 Notes which are due and payable on any date falling on or prior to a Redemption Date will be payable to the registered holders of such 2045 Notes (or one or more predecessor 2045 Notes), registered as such as of the close of business on the relevant Regular Record Dates.

On or after February 1, 2045, (the date that is six months prior to the maturity date of the 2045 Notes), the 2045 Notes will be redeemable, in whole or in part, at the option of the Issuer (in the manner and in accordance with and subject to the terms and provisions set forth in Article 10 of the Original Indenture), at any time or from time to time, at a Redemption Price equal to 100% of the principal amount of the 2045 Notes to be redeemed, plus accrued and unpaid interest thereon to but excluding the date of redemption.

The Issuer will provide notice to the Trustee prior to the applicable Redemption Date of the calculation of the applicable Redemption Price.

3.2 Certain Additional Definitions

For the purposes of this Seventh Supplemental Indenture, the following expressions shall have the following meanings:

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Notes to be redeemed (assuming, for this purpose, that such series of Notes matured on the applicable Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"Comparable Treasury Price" means (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers selected by the Issuer or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Issuer.

"**Par Call Date**" means, with respect to the 2026 Notes, November 1, 2025, the date that is three months prior to the maturity date of the 2026 Notes, and, with respect to the 2045 Notes, February 1, 2045, the date that is months six months prior to the maturity date of the 2045 Notes.

"Reference Treasury Dealers" means each of Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC and a Primary Treasury Dealer (as defined below) selected by Wells Fargo Securities, LLC and/or their affiliates which are primary U.S. government securities dealers, and their respective successors, plus one other which is a primary U.S. Government securities dealer and its respective successors; provided, however, that if any of the foregoing ceases to be a primary U.S. government securities dealer in The City of New York (a "Primary Treasury Dealer"), the Issuer will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30 p.m. New York time on the third Business Day preceding such redemption date.

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

In the event that the Independent Investment Banker fails to provide the Trustee with the Reference Treasury Dealer Quotations, the Issuer will use commercially reasonable efforts to assist the Trustee in obtaining such quotations.

4. CHANGE OF CONTROL

4.1 Change of Control

(a) Upon the occurrence of a Change of Control Triggering Event in respect of a series of Notes, unless all Notes of such series have been called for redemption

pursuant to this Section 3.1, each Holder of Notes of such series shall have the right to require the Issuer to repurchase all or any part (equal to U.S.$2,000 or an integral multiple of U.S.$1,000 in excess thereof) of such Holder's Notes of such series at an offer price in cash equal to the Change of Control Payment.

(b) Within 30 days following any Change of Control Triggering Event, the Issuer shall send a notice to each Holder of Notes of the applicable series describing the transaction or transactions that constitute the Change of Control Triggering Event and specifying:

(i) that the Change of Control Offer is being made pursuant to this Section 4.1 and that all Notes tendered will be accepted for payment;

(ii) the Change of Control Payment and the purchase date, which shall be a Business Day no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date");

(iii) the CUSIP number for the Notes;

(iv) that any Note not tendered will continue to accrue interest;

(v) that, unless the Issuer defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(vi) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(vii) that Holders will be entitled to withdraw their election referred to in clause (vi) if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased;

(viii) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the

unpurchased portion of the Notes surrendered, which unpurchased portion will be equal to U.S.$2,000 in principal amount or an integral multiple of U.S.$1,000 in excess thereof; and

(ix) if such notice is mailed prior to the date of the occurrence of the Change of Control Triggering Event, that the Change of Control Offer is conditional on the Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date.

(c) The Issuer shall cause the Change of Control Offer to remain open for at least 20 Business Days or such longer period as is required by applicable law. The Issuer shall comply with the requirements of Rule 14e−1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes of the applicable series as a result of a Change in Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.1, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.1 by virtue of such conflict.

(d) On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(i) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

(e) The Paying Agent will promptly mail to each Holder of Notes of the applicable series properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and send (or cause to be transferred by book entry) to each Holder a new note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each new Note will be in a principal amount of U.S.$2,000 or an integral multiple of U.S.$1,000 in excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(f) The Issuer shall not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes the Change of Control Offer in

the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.1 applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under such Change of Control Offer.

(g) The Issuer may make a Change of Control Offer in advance of, but conditioned on, the occurrence of a Change of Control Triggering Event but otherwise in accordance with the provisions of this Section 4.1.

(h) The Issuer shall be solely responsible for monitoring the occurrence of a Change of Control Triggering Event.

4.2 Certain Additional Definitions

For the purposes of this Seventh Supplemental Indenture, the following expressions shall have the following meanings:

"Below Investment Grade Rating Event" means the Notes of the applicable series are rated below an Investment Grade Rating by at least two out of three of the Rating Agencies (as defined below), if there are three Rating Agencies, or all of the Rating Agencies, if there are less than three Rating Agencies, (the ***"Required Threshold"***) on any date from the date of the public notice of an arrangement or transaction that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control, which 60-day period shall be extended if, by the end of the 60-day period, the rating of the Notes of such series is under publicly announced consideration for a possible downgrade by such number of Rating Agencies which, together with the Rating Agencies which have already lowered their ratings on the Notes of such series, as aforesaid, would aggregate in number the Required Threshold, such extension to continue for so long as consideration for a possible downgrade continues by such number of Rating Agencies which, together with the Rating Agencies which have already lowered their ratings on the Notes of such series, as aforesaid, would aggregate in number the Required Threshold.

"Change of Control" means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or amalgamation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its subsidiaries taken as a whole to any person (as such term is used in Section 13(d) of the Exchange Act) other than the Issuer, Canadian Pacific Railway Limited or any of the Issuer's or Canadian Pacific Railway Limited's subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or amalgamation) the result of which is that any person (as such term is used in Section 13(d) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of Canadian Pacific Railway Limited's voting shares; or (3) the first day on which a majority of the members of Canadian Pacific Railway Limited's Board of Directors are not Continuing Directors.

"Change of Control Offer" means an offer to repurchase Notes pursuant to Section 4.1 hereof.

"Change of Control Payment" means, with respect to Notes tendered for repurchase pursuant to a Change of Control Offer, an amount equal to 101% of the aggregate principal amount of such Notes plus accrued and unpaid interest thereon, if any, to the date of repurchase.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of Canadian Pacific Railway Limited who (i) was a member of such Board of Directors on the date of the issuance of the Notes; or (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of Canadian Pacific Railway Limited's proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

"DBRS" means DBRS Limited.

"Investment Grade Rating" means a rating equal to or higher than BBB (low) (or the equivalent) by DBRS, Baa3 (or the equivalent) by Moody's and BBB– (or the equivalent) by S&P.

"Moody's" means Moody's Investors Service, Inc.

"Rating Agencies" means (1) each of DBRS, Moody's and S&P; and (2) if one or more of DBRS, Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for any reason outside of the Issuer's control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, as amended, selected by the Issuer (by a resolution of its Board of Directors) as a replacement agency for one or more of DBRS, Moody's or S&P, as the case may be, or if a replacement agency is not selected, the remaining such agencies providing publicly available ratings of the Notes.

"Required Threshold" has the meaning set forth in the definition of Below Investment Grade Rating Event.

"S&P" means Standard & Poor's, a Division of The McGraw-Hill Companies, Inc.

5. [RESERVED]

6. GENERAL

6.1 Effectiveness This Seventh Supplemental Indenture will become effective upon its execution and delivery.

6.2 Effect of Recitals

The recitals contained herein and in the Notes, except the Trustee's certificates of authentication, shall be taken as the statements of the Issuer, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Issuer of the Notes or the proceeds thereof. The Trustee makes no representations as to the validity or sufficiency of this Seventh Supplemental Indenture or of the Notes except that the Trustee represents that it is duly authorized to execute and deliver this Seventh Supplemental Indenture, authenticate the Notes and perform its obligations under the Original Indenture and hereunder, and that the statements made by it or to be made by it in a Statement of Eligibility and Qualification on Form T-1 supplied to the Issuer are true and accurate.

6.3 Ratification of Original Indenture

The Original Indenture as supplemented by this Seventh Supplemental Indenture is in all respects ratified and confirmed, and this Seventh Supplemental Indenture shall be deemed part of the Original Indenture in the manner and to the extent herein and therein provided.

6.4 Limitation on Liability

The Trustee shall act at the direction of the requisite Holders without liability.

6.5 Jurisdiction

Each of the parties hereto hereby irrevocably consents to the jurisdiction of the courts of the State of New York and of any Federal Court located in the Borough of Manhattan in the State of New York in connection with any action, suit or other proceeding arising out of or relating to this Seventh Supplemental Indenture or any action taken or omitted hereunder, and waives any claim of forum non conveniens and any objections as to laying of venue.

6.6 Governing Law This Seventh Supplemental Indenture, the Original Indenture as supplemented hereby and the Notes shall be governed by and construed in accordance with the laws of the State of New York.

6.7 Severability

In case any provision in this Seventh Supplemental Indenture, the Original Indenture as supplemented hereby or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

6.8 Acceptance of Trust

The Trustee hereby accepts the trusts in this Seventh Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein

before set forth in trust for the various Persons who shall from time to time be Holders subject to all the terms and conditions herein set forth.

6.9 Counterparts and Formal Date

This Seventh Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date first above written.

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By: /s/ Mark Erceg
Name: Mark Erceg
Title: Executive Vice-President and Chief Financial Officer

By: /s/ Darren J. Yaworsky
Name: Darren J. Yaworsky
Title Vice-President and Treasurer

THE BANK OF NEW YORK MELLON, as Trustee

By: _____

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By: _____
Name: Mark Erceg
Title: Executive Vice-President and Chief Financial Officer

By: _____
Name: Darren J. Yaworsky
Title: Vice-President and Treasurer

THE BANK OF NEW YORK MELLON,
as Trustee

By: /s/ Teresa Wyszomierski
Name: Teresa Wyszomierski
Title: Vice President

TABLE OF CONTENTS

Page

Schedule A-1

See attached

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Corporation (as defined below) or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Unless and until it is exchanged in whole or in part for Securities (as defined herein) in definitive registered form, this certificate may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor Depositary or a nominee of such successor Depositary.

CANADIAN PACIFIC RAILWAY COMPANY

3.700% Notes due 2026

No. 1 US$250,000,000
CUSIP: 13645R AT1

Canadian Pacific Railway Company, a corporation duly organized and existing under the laws of Canada (herein called the "Corporation", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or its registered assigns, the principal sum of US$250,000,000 (TWO HUNDRED FIFTY MILLION UNITED STATES DOLLARS) on February 1, 2026, at the office or agency of the Corporation referred to below, and to pay interest thereon on February 1, 2016 and semi-annually thereafter, on February 1 and August 1 in each year, from August 3, 2015, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the rate of 3.700% per annum, until the principal hereof is paid or duly provided for, and (to the extent lawful) to pay on demand interest on any overdue interest at the rate borne by the Securities from the date on which such overdue interest becomes payable to the date payment of such interest has been made or duly provided for. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security is registered at the close of business on the Regular Record Date for such interest, which shall be January 17 or July 17 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date, and such defaulted interest, and (to the extent lawful) interest on such defaulted interest at the rate borne by the Securities, may be paid to the Person in whose name this Security is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities not less than 10 days prior

to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

(signature page to follow)

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed under its corporate seal.

Dated:

CANADIAN PACIFIC RAILWAY COMPANY

By _____

Name:
Title:

By _____

Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in, and issued under, the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Trustee

Dated: _____ By: _____
Authorized Signatory

[Reverse of Security]

This Security is one of a duly authorized issue of securities of the Corporation designated as its 3.700% Notes due 2026 (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to US$250,000,000, which may be issued under an indenture dated as of May 8, 2007, among the Corporation and The Bank of New York Mellon, as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture, as defined below), as supplemented by the Seventh Supplemental Indenture, among the Corporation and the Trustee (as supplemented by the Seventh Supplemental Indenture, the "Indenture"), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is a global Security representing US$250,000,000 aggregate principal amount of the Securities.

Payment of the principal of (and premium, if any, on) and interest on this Security will be made at the office or agency of the Corporation maintained or caused to be maintained for that purpose in New York, New York or at such other office or agency of the Corporation as may be maintained or caused to be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however,* that payment of the principal (and premium, if any) and interest may be made at the option of the Corporation (i) by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register or (ii) by wire transfer to an account maintained by the Person located in the United States entitled thereto as specified in the Security Register; *provided,* that principal paid in relation to any Security, redeemed at the option of the Corporation or upon Maturity, shall be paid to the Holder of such Security only upon presentation and surrender of such Security to such office or agency referred to above.

The Corporation will pay to the Holders such Additional Amounts as may be payable under Section 9.07 of the Indenture.

Prior to November 1, 2025 (the date that is three months prior to the maturity date of the Securities), the Corporation may redeem the Securities, in whole or in part, at the option of the Corporation, at any time or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Securities to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities to be redeemed that would be due if the Securities matured on November 1, 2025 (the date that is three months prior to the maturity date of the Securities) (exclusive of any portion of the payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360- day year consisting of twelve 30-day months) at the Treasury Yield plus 25 basis points, plus, in the case of (1) and (2), accrued interest thereon to, but excluding, the date of redemption, all as provided in the Indenture.

On or after November 1, 2025 (the date that is three months prior to the maturity date of the Securities) the Corporation may redeem the Securities, in whole or in part, at a redemption price equal to 100% of the principal amount of the Securities to be redeemed, plus accrued and unpaid

interest thereon to, but excluding, the date of redemption.

Holders of Securities to be redeemed will receive notice of redemption delivered at least 30 and not more than 60 days prior to the date fixed for redemption.

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed (assuming, for this purpose, that the Securities matured on the Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities.

"Comparable Treasury Price" means (I) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers selected by the Corporation or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Corporation.

“Par Call Date” means November 1, 2025, the date that is three months prior to the maturity date of the Securities.

"Reference Treasury Dealers" means each of Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC and a Primary Treasury Dealer (as defined below) selected by Wells Fargo Securities, LLC and/or their affiliates which are primary U.S. government securities dealers, and their respective successors, plus one other which is a primary U.S. Government securities dealer and its respective successors; provided, however, that if any of the foregoing ceases to be a primary U.S. government securities dealer in The City of New York (a “Primary Treasury Dealer”), the Corporation will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30p.m. New York time on the third business day preceding such redemption date.

The Securities are also subject to redemption as a whole but not in part, at the option of the Corporation, at any time, on not less than 30 nor more than 60 days' prior written notice to each Holder of Securities to be redeemed at such Holder's address appearing on the Security Register at a redemption price equal to 100% of the principal amount, together with accrued and unpaid interest to but excluding the date fixed for redemption, in the event there is more than an insubstantial risk that the Corporation has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Securities, any Additional Amounts as a result of any amendment or change in the laws (including any regulations promulgated thereunder) of Canada (or any political subdivision or taxing authority thereof or therein), or any amendment to or change in any official position regarding the application or interpretation of such laws or regulations, which change or amendment is announced or becomes effective on or after July 29, 2015, all as provided in Section 10.08 of the Indenture.

The Securities are also subject to redemption pursuant to Article 3 of the Seventh Supplemental Indenture.

In the case of any redemption of Securities, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record at the close of business on the relevant Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.

The Securities do not have the benefit of sinking fund obligations.

In the event of redemption of this Security in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Corporation on this Security and (b) certain restrictive covenants and the related Defaults and Events of Default, upon compliance by the Corporation with certain conditions set forth therein, which provisions apply to this Security.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of all affected Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities affected thereby, to waive compliance by the Corporation with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof

whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of (and premium, if any, on) and interest on this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable on the Security Register of the Corporation, upon surrender of this Security for registration of transfer at the office or agency of the Corporation maintained or caused to be maintained for such purpose in New York, New York duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form without coupons in denominations of US$2,000 and any integral multiple of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to the time of due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustees may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any agent shall be affected by notice to the contrary.

Interest on this Security shall be computed on the basis of a 360-day year of twelve 30-day months.

For the purposes only of the disclosure required by the *Interest Act* (Canada), and without affecting the amount of interest payable to any holder of a Security or the calculation of interest on any Security, if the rate of interest on any Security is calculated on the basis of a year which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

As provided for in the Indenture, the Corporation may, from time to time, without notice or consent of the Holders, create and issue additional Securities so that such additional Securities shall be consolidated and form a single series with the Securities initially issued by the Corporation and shall have the same terms as to status, redemption or otherwise as the Securities originally issued.

If at any time, (i) the Depositary notifies the Corporation that it is unwilling or unable or no longer qualifies to continue as Depositary or if at any time the Depositary shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor depositary is not appointed by the Corporation within 90 days after the Corporation receives such notice or becomes aware of such condition, as the case may be, or (ii) the Corporation determines that the Securities shall no longer be represented by a global Security or Securities, then in such event the Corporation will execute and the Trustee will authenticate and deliver Securities in definitive registered form, in authorized denominations, and in an aggregate principal amount equal to the principal amount of this Security in exchange for this Security. Such Securities in definitive registered form shall be registered in such names and issued in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the Persons in whose names such Securities are so registered.

The Indenture and this Security shall be governed by and construed in accordance with the laws of the State of New York.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Schedule A-2

See attached

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Corporation (as defined below) or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Unless and until it is exchanged in whole or in part for Securities (as defined herein) in definitive registered form, this certificate may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor Depositary or a nominee of such successor Depositary.

CANADIAN PACIFIC RAILWAY COMPANY

4.800% Notes due 2045

No. 1 US$500,000,000

CUSIP: 13645R AU8

Canadian Pacific Railway Company, a corporation duly organized and existing under the laws of Canada (herein called the "Corporation", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or its registered assigns, the principal sum of US$500,000,000 (FIVE HUNDRED MILLION UNITED STATES DOLLARS) on August 1, 2045, at the office or agency of the Corporation referred to below, and to pay interest thereon on February 1, 2016 and semi-annually thereafter, on February 1 and August 1 in each year, from August 3, 2015, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the rate of 4.800% per annum, until the principal hereof is paid or duly provided for, and (to the extent lawful) to pay on demand interest on any overdue interest at the rate borne by the Securities from the date on which such overdue interest becomes payable to the date payment of such interest has been made or duly provided for. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security is registered at the close of business on the Regular Record Date for such interest, which shall be January 17 or July 17 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date, and such defaulted interest, and (to the extent lawful) interest on such defaulted interest at the rate borne by the Securities, may be paid to the Person in whose name this Security is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities not less than 10 days prior

to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

(signature page to follow)

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed under its corporate seal.

Dated:

CANADIAN PACIFIC RAILWAY COMPANY

By _____

Name:
Title:

By _____

Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in, and issued under, the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Trustee

Dated: _____ By: _____
Authorized Signatory

[Reverse of Security]

This Security is one of a duly authorized issue of securities of the Corporation designated as its 4.800% Notes due 2045 (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to US$550,000,000, which may be issued under an indenture dated as of May 8, 2007, among the Corporation and The Bank of New York Mellon, as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture, as defined below), as supplemented by the Seventh Supplemental Indenture, among the Corporation and the Trustee (as supplemented by the Seventh Supplemental Indenture, the "Indenture"), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is a global Security representing US$500,000,000 aggregate principal amount of the Securities.

Payment of the principal of (and premium, if any, on) and interest on this Security will be made at the office or agency of the Corporation maintained or caused to be maintained for that purpose in New York, New York or at such other office or agency of the Corporation as may be maintained or caused to be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however*, that payment of the principal (and premium, if any) and interest may be made at the option of the Corporation (i) by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register or (ii) by wire transfer to an account maintained by the Person located in the United States entitled thereto as specified in the Security Register; *provided*, that principal paid in relation to any Security, redeemed at the option of the Corporation or upon Maturity, shall be paid to the Holder of such Security only upon presentation and surrender of such Security to such office or agency referred to above.

The Corporation will pay to the Holders such Additional Amounts as may be payable under Section 9.07 of the Indenture.

Prior to February 1, 2045 (the date that is six months prior to the maturity date of the Securities), the Corporation may redeem the Securities, in whole or in part, at the option of the Corporation, at any time or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Securities to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities to be redeemed that would be due if the Securities matured on February 1, 2045 (the date that is six months prior to the maturity date of the Securities) (exclusive of any portion of the payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield plus 30 basis points, plus, in the case of (1) and (2), accrued interest thereon to, but excluding, the date of redemption, all as provided in the Indenture.

On or after February 1, 2045 (the date that is six months prior to the maturity date of the Securities) the Corporation may redeem the Securities, in whole or in part, at a redemption price equal to 100% of the principal amount of the Securities to be redeemed, plus accrued and unpaid

interest thereon to, but excluding, the date of redemption.

Holders of Securities to be redeemed will receive notice of redemption delivered at least 30 and not more than 60 days prior to the date fixed for redemption.

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed (assuming, for this purpose, that the Securities matured on the Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities.

"Comparable Treasury Price" means (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers selected by the Corporation or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Corporation.

“Par Call Date” means February 1, 2045, the date that is six months prior to the maturity date of the Securities.

"Reference Treasury Dealers" means each of Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC and a Primary Treasury Dealer (as defined below) selected by Wells Fargo Securities, LLC and/or their affiliates which are primary U.S. government securities dealers, and their respective successors, plus one other which is a primary U.S. Government securities dealer and its respective successors; provided, however, that if any of the foregoing ceases to be a primary U.S. government securities dealer in The City of New York (a “Primary Treasury Dealer”), the Corporation will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30p.m. New York time on the third business day preceding such redemption date.

The Securities are also subject to redemption as a whole but not in part, at the option of the Corporation, at any time, on not less than 30 nor more than 60 days' prior written notice to each Holder of Securities to be redeemed at such Holder's address appearing on the Security Register at a redemption price equal to 100% of the principal amount, together with accrued and unpaid interest to but excluding the date fixed for redemption, in the event there is more than an insubstantial risk that the Corporation has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Securities, any Additional Amounts as a result of any amendment or change in the laws (including any regulations promulgated thereunder) of Canada (or any political subdivision or taxing authority thereof or therein), or any amendment to or change in any official position regarding the application or interpretation of such laws or regulations, which change or amendment is announced or becomes effective on or after July 29, 2015, all as provided in Section 10.08 of the Indenture.

The Securities are also subject to redemption pursuant to Article 3 of the Seventh Supplemental Indenture.

In the case of any redemption of Securities, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record at the close of business on the relevant Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.

The Securities do not have the benefit of sinking fund obligations.

In the event of redemption of this Security in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Corporation on this Security and (b) certain restrictive covenants and the related Defaults and Events of Default, upon compliance by the Corporation with certain conditions set forth therein, which provisions apply to this Security.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of all affected Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities affected thereby, to waive compliance by the Corporation with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof

whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of (and premium, if any, on) and interest on this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable on the Security Register of the Corporation, upon surrender of this Security for registration of transfer at the office or agency of the Corporation maintained or caused to be maintained for such purpose in New York, New York duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form without coupons in denominations of US$2,000 and any integral multiple of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to the time of due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustees may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any agent shall be affected by notice to the contrary.

Interest on this Security shall be computed on the basis of a 360-day year of twelve 30-day months.

For the purposes only of the disclosure required by the *Interest Act* (Canada), and without affecting the amount of interest payable to any holder of a Security or the calculation of interest on any Security, if the rate of interest on any Security is calculated on the basis of a year which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

As provided for in the Indenture, the Corporation may, from time to time, without notice or consent of the Holders, create and issue additional Securities so that such additional Securities shall be consolidated and form a single series with the Securities initially issued by the Corporation and shall have the same terms as to status, redemption or otherwise as the Securities originally issued.

If at any time, (i) the Depositary notifies the Corporation that it is unwilling or unable or no longer qualifies to continue as Depositary or if at any time the Depositary shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor depositary is not appointed by the Corporation within 90 days after the Corporation receives such notice or becomes aware of such condition, as the case may be, or (ii) the Corporation determines that the Securities shall no longer be represented by a global Security or Securities, then in such event the Corporation will execute and the Trustee will authenticate and deliver Securities in definitive registered form, in authorized denominations, and in an aggregate principal amount equal to the principal amount of this Security in exchange for this Security. Such Securities in definitive registered form shall be registered in such names and issued in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the Persons in whose names such Securities are so registered.

The Indenture and this Security shall be governed by and construed in accordance with the laws of the State of New York.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Corporation (as defined below) or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Unless and until it is exchanged in whole or in part for Securities (as defined herein) in definitive registered form, this certificate may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor Depositary or a nominee of such successor Depositary.

CANADIAN PACIFIC RAILWAY COMPANY

4.800% Notes due 2045

No. 2 US$50,000,000
CUSIP: 13645R AU8

Canadian Pacific Railway Company, a corporation duly organized and existing under the laws of Canada (herein called the "Corporation", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or its registered assigns, the principal sum of US$50,000,000 (FIFTY MILLION UNITED STATES DOLLARS) on August 1, 2045, at the office or agency of the Corporation referred to below, and to pay interest thereon on February 1, 2016 and semi-annually thereafter, on February 1 and August 1 in each year, from August 3, 2015, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the rate of 4.800% per annum, until the principal hereof is paid or duly provided for, and (to the extent lawful) to pay on demand interest on any overdue interest at the rate borne by the Securities from the date on which such overdue interest becomes payable to the date payment of such interest has been made or duly provided for. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security is registered at the close of business on the Regular Record Date for such interest, which shall be January 17 or July 17 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date, and such defaulted interest, and (to the extent lawful) interest on such defaulted interest at the rate borne by the Securities, may be paid to the Person in whose name this Security is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities not less than 10 days prior to

such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

(signature page to follow)

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed under its corporate seal.

Dated:

CANADIAN PACIFIC RAILWAY COMPANY

By _____

Name:
Title:

By _____

Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in, and issued under, the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Trustee

Dated: _____ By: _____
Authorized Signatory

[Reverse of Security]

This Security is one of a duly authorized issue of securities of the Corporation designated as its 4.800% Notes due 2045 (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to US$550,000,000, which may be issued under an indenture dated as of May 8, 2007, among the Corporation and The Bank of New York Mellon, as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture, as defined below), as supplemented by the Seventh Supplemental Indenture, among the Corporation and the Trustee (as supplemented by the Seventh Supplemental Indenture, the "Indenture"), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is a global Security representing US$50,000,000 aggregate principal amount of the Securities.

Payment of the principal of (and premium, if any, on) and interest on this Security will be made at the office or agency of the Corporation maintained or caused to be maintained for that purpose in New York, New York or at such other office or agency of the Corporation as may be maintained or caused to be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however*, that payment of the principal (and premium, if any) and interest may be made at the option of the Corporation (i) by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register or (ii) by wire transfer to an account maintained by the Person located in the United States entitled thereto as specified in the Security Register; *provided*, that principal paid in relation to any Security, redeemed at the option of the Corporation or upon Maturity, shall be paid to the Holder of such Security only upon presentation and surrender of such Security to such office or agency referred to above.

The Corporation will pay to the Holders such Additional Amounts as may be payable under Section 9.07 of the Indenture.

Prior to February 1, 2045 (the date that is six months prior to the maturity date of the Securities), the Corporation may redeem the Securities, in whole or in part, at the option of the Corporation, at any time or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Securities to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities to be redeemed that would be due if the Securities matured on February 1, 2045 (the date that is six months prior to the maturity date of the Securities) (exclusive of any portion of the payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield plus 30 basis points, plus, in the case of (1) and (2), accrued interest thereon to, but excluding, the date of redemption, all as provided in the Indenture.

On or after February 1, 2045 (the date that is six months prior to the maturity date of the Securities) the Corporation may redeem the Securities, in whole or in part, at a redemption price equal to 100% of the principal amount of the Securities to be redeemed, plus accrued and unpaid

interest thereon to, but excluding, the date of redemption.

Holders of Securities to be redeemed will receive notice of redemption delivered at least 30 and not more than 60 days prior to the date fixed for redemption.

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed (assuming, for this purpose, that the Securities matured on the Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities.

"Comparable Treasury Price" means (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers selected by the Corporation or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Corporation.

“Par Call Date” means February 1, 2045, the date that is six months prior to the maturity date of the Securities.

"Reference Treasury Dealers" means each of Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC and a Primary Treasury Dealer (as defined below) selected by Wells Fargo Securities, LLC and/or their affiliates which are primary U.S. government securities dealers, and their respective successors, plus one other which is a primary U.S. Government securities dealer and its respective successors; provided, however, that if any of the foregoing ceases to be a primary U.S. government securities dealer in The City of New York (a “Primary Treasury Dealer”), the Corporation will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30p.m. New York time on the third business day preceding such redemption date.

The Securities are also subject to redemption as a whole but not in part, at the option of the Corporation, at any time, on not less than 30 nor more than 60 days' prior written notice to each Holder of Securities to be redeemed at such Holder's address appearing on the Security Register at a redemption price equal to 100% of the principal amount, together with accrued and unpaid interest to but excluding the date fixed for redemption, in the event there is more than an insubstantial risk that the Corporation has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Securities, any Additional Amounts as a result of any amendment or change in the laws (including any regulations promulgated thereunder) of Canada (or any political subdivision or taxing authority thereof or therein), or any amendment to or change in any official position regarding the application or interpretation of such laws or regulations, which change or amendment is announced or becomes effective on or after July 29, 2015, all as provided in Section 10.08 of the Indenture.

The Securities are also subject to redemption pursuant to Article 3 of the Seventh Supplemental Indenture.

In the case of any redemption of Securities, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record at the close of business on the relevant Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.

The Securities do not have the benefit of sinking fund obligations.

In the event of redemption of this Security in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Corporation on this Security and (b) certain restrictive covenants and the related Defaults and Events of Default, upon compliance by the Corporation with certain conditions set forth therein, which provisions apply to this Security.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of all affected Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities affected thereby, to waive compliance by the Corporation with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof

whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of (and premium, if any, on) and interest on this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable on the Security Register of the Corporation, upon surrender of this Security for registration of transfer at the office or agency of the Corporation maintained or caused to be maintained for such purpose in New York, New York duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form without coupons in denominations of US$2,000 and any integral multiple of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to the time of due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustees may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any agent shall be affected by notice to the contrary.

Interest on this Security shall be computed on the basis of a 360-day year of twelve 30-day months.

For the purposes only of the disclosure required by the *Interest Act* (Canada), and without affecting the amount of interest payable to any holder of a Security or the calculation of interest on any Security, if the rate of interest on any Security is calculated on the basis of a year which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

As provided for in the Indenture, the Corporation may, from time to time, without notice or consent of the Holders, create and issue additional Securities so that such additional Securities shall be consolidated and form a single series with the Securities initially issued by the Corporation and shall have the same terms as to status, redemption or otherwise as the Securities originally issued.

If at any time, (i) the Depositary notifies the Corporation that it is unwilling or unable or no longer qualifies to continue as Depositary or if at any time the Depositary shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor depositary is not appointed by the Corporation within 90 days after the Corporation receives such notice or becomes aware of such condition, as the case may be, or (ii) the Corporation determines that the Securities shall no longer be represented by a global Security or Securities, then in such event the Corporation will execute and the Trustee will authenticate and deliver Securities in definitive registered form, in authorized denominations, and in an aggregate principal amount equal to the principal amount of this Security in exchange for this Security. Such Securities in definitive registered form shall be registered in such names and issued in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the Persons in whose names such Securities are so registered.

The Indenture and this Security shall be governed by and construed in accordance with the laws of the State of New York.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Exhibit 4.9

Dated as of November 24, 2015

CANADIAN PACIFIC RAILWAY LIMITED
as Guarantor

and

CANADIAN PACIFIC RAILWAY COMPANY
as Issuer

and

THE BANK OF NEW YORK MELLON
as Trustee

EIGHTH SUPPLEMENTAL INDENTURE

to the

TRUST INDENTURE

Dated as of May 8, 2007

THIS EIGHTH SUPPLEMENTAL INDENTURE (this "**Eighth Supplemental Indenture**") dated as of November 24, 2015 between **CANADIAN PACIFIC RAILWAY LIMITED**, a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the "**Guarantor**"), **CANADIAN PACIFIC RAILWAY COMPANY**, a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the "**Issuer**"), and **THE BANK OF NEW YORK MELLON**, a banking corporation duly organized and existing under the laws of the State of New York, having an office in the City of New York, in the State of New York (the "Trustee").

RECITALS OF THE ISSUER AND THE GUARANTOR

WHEREAS, the Issuer and the Trustee entered into an Indenture, dated as of May 8, 2007 (as supplemented, the "**Original Indenture**"). Section 8.01(2) of the Original Indenture provides that the Issuer and the Trustee may, without the consent of any Holder, enter into a supplemental indenture to add to the covenants of the Issuer for the benefit of the Holders of all or any series of the Securities.

WHEREAS, the Issuer and the Trustee have heretofore executed seven supplemental indentures to the Original Indenture, providing for the establishment of the following series of Securities: (i) the 5.950% Notes due 2037, initially limited to the aggregate principal amount of U.S.$450,000,000, (ii) the 6.500% Notes due 2018, initially limited to the aggregate principal amount of U.S.$300,000,000, (iii) the 7.250% Notes due 2019, initially limited to the aggregate principal amount of U.S.$350,000,000, (iv) the 4.450% Notes due 2023, initially limited to the aggregate principal amount of U.S.$350,000,000, (v) the 4.500% Notes due 2022, initially limited to the aggregate principal amount of U.S.$250,000,000, (vi) the 5.750% Notes due 2042, initially limited to the aggregate principal amount of U.S.$250,000,000, (vii) the 2.900% Notes due 2025, initially limited to the aggregate principal amount of U.S.$700,000,000, (viii) the 3.700% Notes due 2026, initially limited to the aggregate principal amount of U.S.$250,000,000, and (ix) the 4.800% Notes due 2045, initially limited to the aggregate principal amount of U.S.$550,000,000 (collectively, the "**Notes**").

WHEREAS, the foregoing series of Notes constitute all of the issued and outstanding series of Securities issued pursuant to the Original Indenture as of the date hereof.

WHEREAS, the Guarantor desires to fully and unconditionally guarantee the Notes (the "**Guarantee**"), and to provide therefor, the Guarantor has duly authorized the execution and delivery of this Eighth Supplemental Indenture.

WHEREAS, the Issuer has requested that the Trustee execute and deliver this Eighth Supplemental Indenture. The Issuer has delivered to the Trustee an Opinion of Counsel and an Officers' Certificate pursuant to Sections 1.02 and 8.03 of the Original Indenture to the effect, among other things, that all conditions precedent provided for in the Indenture to the Trustee's execution and delivery of this Eighth Supplemental Indenture have been complied with. All acts and things necessary have been done and performed to make this Eighth Supplemental Indenture enforceable in accordance with its terms, and the execution and delivery of this Eighth Supplemental Indenture has been duly authorized in all respects.

NOW, THEREFORE, THIS EIGHTH SUPPLEMENTAL INDENTURE WITNESSETH: it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Notes, as follows:

1. INTERPRETATIONS AND AMENDMENTS

1.1 Eighth Supplemental Indenture

As used herein "**Eighth Supplemental Indenture**", "**hereto**", "**herein**", "**hereof**", "**hereby**", "**hereunder**" and similar expressions refer to this Eighth Supplemental Indenture and not to any particular Article, Section or other portion hereof and include any and every instrument supplemental or ancillary hereto or in implementation hereof.

1.2 Definitions in Eighth Supplemental Indenture

All terms contained in this Eighth Supplemental Indenture which are defined in the Original Indenture and not defined herein shall, for all purposes hereof, have the meanings given to such terms in the Original Indenture, unless the context otherwise specifies or requires.

1.3 Interpretation not Affected by Headings

The division of this Eighth Supplemental Indenture into Articles and Sections, the provision of the table of contents hereto and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Eighth Supplemental Indenture.

2. GUARANTEE

2.1 Agreement to Guarantee

The Guarantor hereby fully and unconditionally guarantees to each Holder of Notes, the due and punctual payment of the principal of, premium, if any, and interest on the Notes, the due and punctual payment of any sinking fund or analogous payments that may be payable with respect to such Notes and the due and punctual payment of any Additional Amounts that may be payable with respect to such Notes, when and as the same shall become due and payable, whether on the Stated Maturity, by declaration of acceleration, call for redemption or otherwise, according to the terms hereof and of the Original Indenture, as supplemented by the supplemental indentures heretofore executed by the Issuer and the Trustee. In case of the failure of the Issuer punctually to make any such payment of principal, premium, if any, or interest, or any such sinking fund or analogous payment that may be payable with respect to the Notes or any Additional Amounts that may be payable with respect to the Notes, the Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether on the Stated Maturity or by declaration of acceleration, call for redemption or otherwise, and as if such payment were made by the Issuer.

The Guarantor hereby agrees that its obligations hereunder shall be as if it were principal debtor and not merely surety, and shall be absolute and unconditional, irrespective of, and shall be unaffected by, any invalidity, irregularity or unenforceability of the Notes, the

Original Indenture or this Eighth Supplemental Indenture, any failure to enforce the provisions of the Notes, the Original Indenture or this Eighth Supplemental Indenture, or any waiver, modification or indulgence granted to the Issuer with respect thereto or hereto, by the Holder of the Notes or the Trustee or any other circumstance which may otherwise constitute a legal or equitable discharge of a surety or guarantor; provided, however, that, notwithstanding the foregoing, no such waiver, modification or indulgence shall, without the consent of the Guarantor, increase the principal amount of the Notes, or increase the interest rate thereon, or increase any premium payable upon redemption thereof, or alter the Stated Maturity thereof. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest or notice with respect to the Notes or the indebtedness evidenced thereby, or with respect to any sinking fund or analogous payment that may be payable with respect to the Notes or with respect to any Additional Amounts that may be payable with respect to the Notes and all demands whatsoever, and covenants that its obligations under this Section 2.1 will not be discharged except by payment in full of the principal of, premium, if any, and interest on and any Additional Amounts that may be payable with respect to the Notes.

The Guarantor shall be subrogated to all rights of each Holder of the Notes, the Trustee and any Paying Agent against the Issuer in respect of any amounts paid to such Holder by the Guarantor pursuant to the provisions of this Section 2.1; provided, however, that the Guarantor shall not be entitled to enforce or to receive any payments arising out of or based upon such right of subrogation until the principal of, premium, if any, and interest on all Notes of the same series issued under the Original Indenture, as supplemented by the supplemental indentures heretofore executed by the Issuer and the Trustee, and any sinking fund or analogous payments and Additional Amounts with respect to such Notes shall have been paid in full.

Any term or provision of the Original Indenture, as supplemented by the supplemental indentures heretofore executed by the Issuer and the Trustee, and this Eighth Supplemental Indenture to the contrary notwithstanding, the maximum aggregate amount of the Notes guaranteed hereunder by the Guarantor shall not exceed the maximum amount that can be hereby guaranteed by the Guarantor without rendering the Guarantee, as it relates to the Guarantor, voidable under applicable law relating to fraudulent conveyance, fraudulent transfer, corporate benefit, financial assistance or similar laws affecting the rights of creditors generally.

By executing this Eighth Supplemental Indenture, the Guarantor acknowledges and agrees that the obligations to compensate, reimburse, and indemnify the Trustee under the Original Indenture, including, without limitation, Section 6.03 of the Original Indenture, shall apply to the Guarantor and that the Guarantor and the Issuer, jointly and severally, are obligated to compensate, reimburse, and indemnify the Trustee in accordance with the terms of the Original Indenture, including, without limitation, Section 6.03 of the Original Indenture.

2.2 Additional Amounts

The obligations of the Issuer pursuant to Section 9.07 of the Original Indenture shall apply, *mutatis mutandis*, to the Guarantor.

2.3 Execution and Delivery

To evidence its Guarantee set forth in Section 2.1 hereof, the Guarantor hereby agrees that this Eighth Supplemental Indenture shall be executed on behalf of the Guarantor by one or more authorized officers or persons holding an equivalent title.

The Guarantor hereby agrees that its Guarantee set forth in Section 2.1 hereof shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Notes.

2.4 Release of Guarantee

The Guarantor will be released and relieved of its obligations under the Guarantee in respect of any series of the Notes, and such Guarantee will be terminated, upon receipt by the Trustee of a Corporation Order (without the consent of the Trustee) requesting such release, upon (i) satisfaction and discharge of the Original Indenture or (ii) defeasance or covenant defeasance with respect to any series of the Notes , in each case, under the terms of the Original Indenture. At the request of the Issuer, the Trustee shall execute and deliver an appropriate instrument evidencing such release.

3. GENERAL

3.1 Effectiveness This Eighth Supplemental Indenture will become effective upon its execution and delivery.

3.2 Effect of Recitals

The recitals contained herein, shall be taken as the statements of the Issuer and the Guarantor, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Eighth Supplemental Indenture except that the Trustee represents that it is duly authorized to execute and deliver this Eighth Supplemental Indenture and to perform its obligations under the Original Indenture and hereunder and that the statements made by it or to be made by it in a Statement of Eligibility and Qualification on Form T-1 supplied to the Issuer are true and accurate as of the date thereof.

3.3 Ratification of Original Indenture

The Original Indenture as supplemented by this Eighth Supplemental Indenture is in all respects ratified and confirmed, and this Eighth Supplemental Indenture shall be deemed part of the Original Indenture in the manner and to the extent herein and therein provided.

3.4 Limitation on Liability

The Trustee shall act at the direction of the requisite Holders without liability.

3.5 Jurisdiction

Each of the parties hereto hereby irrevocably consents to the jurisdiction of the courts of the State of New York and of any Federal Court located in the Borough of Manhattan in the State of New York in connection with any action, suit or other proceeding arising out of or relating to this Eighth Supplemental Indenture or any action taken or omitted hereunder, and waives any claim of forum non conveniens and any objections as to laying of venue.

3.6 Governing Law This Eighth Supplemental Indenture (including the Guarantee provided herein), and the Original Indenture as supplemented hereby shall be governed by and construed in accordance with the laws of the State of New York.

3.7 Severability

In case any provision in this Eighth Supplemental Indenture (including the Guarantee provided herein) or in the Original Indenture as supplemented hereby shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

3.8 Acceptance of Trust

The Trustee hereby accepts the trusts in this Eighth Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein before set forth in trust for the various Persons who shall from time to time be Holders subject to all the terms and conditions herein set forth.

3.9 Counterparts and Formal Date

This Eighth Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date first above written.

IN WITNESS WHEREOF the parties hereto have executed this Eighth Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY LIMITED,
As Guarantor

By: /s/ Mark Erceg
Name: Mark Erceg
Title: Executive Vice President and Chief Financial Officer

By: /s/ Darren J. Yaworsky
Name: Darren J. Yaworsky
Title: Vice-President and Treasurer

CANADIAN PACIFIC RAILWAY COMPANY,
As Issuer

By: /s/ Mark Erceg
Name: Mark Erceg
Title: Executive Vice President and Chief Financial Officer

By: /s/ Darren J. Yaworsky
Name: Darren J. Yaworsky
Title: Vice-President and Treasurer

THE BANK OF NEW YORK MELLON,
as Trustee

By: /s/ Teresa Wyszomierski
Name: Teresa Wyszomierski
Title: Vice President

TABLE OF CONTENTS

Page

Exhibit 4.10

CANADIAN PACIFIC RAILWAY COMPANY

And

THE BANK OF NEW YORK
Trustee

Indenture

made as of October 30, 2001

Providing for the issue of
Debt Securities
in unlimited principal amount

TABLE OF CONTENTS

CANADIAN PACIFIC RAILWAY COMPANY

Reconciliation and tie between Trust Indenture Act of 1939, as amended and Indenture, dated as of October 30, 2001

Trust Indenture Act	Indenture Section
§310(a)(l)	6.09
(a)(2)	6.09
(b)	6.08, 6.10
(c)	Not Applicable
§311(a)	Not Applicable
(b)	Not Applicable
(c)	Not Applicable
§312(a)	Not Applicable
(b)(1)	Not Applicable
(c)	15.01
§313(a)	15.02
(b)	15.02
(c)	15.02
(d)	15.02
§314(a)	15.03, 9.02
(a)(4)	9.02
(b)	Not Applicable
(c)(l)	1.02
(c)(l)	1.02
(d)	Not Applicable
(e)	1.02
(f)	Not Applicable
§315(a)	6.01(a)
(b)	6.14
(c)	6.0l(b)
(d)	6.0l(c)
(d)(l)	6.0l(a), 6.0l(c)
(d)(2)	6.01(c)
(d)(3)	6.0l(c)
(e)	5.15
§316(a)(l)(A)	5.13
(a)(l)(B)	5.03, 5.14
(a)(2)	Not Applicable
	5.09
(c)	l.04(f)
§317(a)(l)	5.04
(a)(2)	5.05
	9.05
§318(a)	l.12

THIS INDENTURE is made as of October 30, 2001 between Canadian Pacific Railway Company, a corporation governed by the laws of Canada, and having its registered office at the City of Calgary in the Province of Alberta, Canada (the "Corporation"), and The Bank of New York, a New York banking corporation, as trustee (the "Trustee").

WHEREAS the Corporation has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its debentures, notes or other evidences of indebtedness (collectively, the "Securities"), to be issued in one or more series as in this Indenture provided;

WHEREAS this Indenture is subject to the provisions of the Trust Indenture Act of 1939, as amended, that are required to be part of this Indenture and shall, to the extent applicable, be governed by such provisions; and

WHEREAS all things necessary to make this Indenture a valid agreement in accordance with its terms have been done;

NOW THEREFORE THIS INDENTURE WITNESSES THAT:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of the respective Holders from time to time of the Securities and of the Coupons, if any, appertaining thereto, as follows:

ARTICLE ONE
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01 Definitions

For all purposes of this Indenture and in the Securities, except as otherwise expressly provided or unless the subject matter or context otherwise requires:

"**accelerated indebtedness**" has the meaning specified in Section 5.01.

"A**ct**", when used with respect to any Holder, has the meaning specified in Section 1.04;

"**Additional Amounts**" has the meaning specified in Section 9.08.

"**Affiliate**" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control", when used with respect *to* any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing;

"**Authenticating Agent**" means, with respect to the Securities of any series, any Person authorized by the Trustee to act on behalf of the Trustee to authenticate the Securities of such series;

"**Authorized Agent**" has the meaning specified in Section 1.18;

"**Authorized Newspaper**" means a newspaper (which, in the case of Canada, will, if practicable, be either *The Globe* & *Mail* or the *National Post,* in the case of The City of New York, will, if practicable, be *The Wall Street Journal* (Eastern Edition), in the case of the United Kingdom, will, if practicable, be *The Financial Times* (London Edition) and, in the case of Luxembourg, will, if practicable, be *The Luxembourg Wort),* printed in an official language of the country of publication, customarily published at least once a day for at least five days in each calendar week and of general circulation in Canada, The City of New York, the United Kingdom or Luxembourg, as applicable. If it shall be impractical, in the opinion of the Trustee, *to* make any publication of any notice required hereby in an Authorized Newspaper, any publication or other notice in lieu thereof which is made or given with the approval of the Trustee shall constitute a sufficient publication of such notice;

"**Business Day**", when used with respect to any Place of Payment and subject to Section 1.14, means a day other than a Saturday or a Sunday and other than a day on which banking institutions in such Place of Payment are authorized or obligated by law or regulation to close;

"**Canadian Taxes**" has the meaning specified in Section 9.08;

"Capital Lease Obligation" means the obligation of a Person, as lessee, to pay rent or other amounts to the lessor under a lease of real or personal property which is required to be classified and accounted for as a capital lease on a consolidated balance sheet of such Person in accordance with GAAP;

"Commission" means the U.S. Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time;

"Component Currency" has the meaning specified in Section 3.11;

"Consolidated Net Tangible Assets" means the total amount of assets determined on a consolidated basis after deducting therefrom:

(i) all current liabilities (excluding any Indebtedness classified as a current liability and any current liabilities which are by their terms extendible or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed);

(ii) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles; and

(iii) appropriate adjustments on account of minority interests of other Persons holding stock of the Corporation's Subsidiaries,

all as set forth on the most recent balance sheet of the Corporation and its consolidated Subsidiaries and computed in accordance with GAAP;

"Conversion Date" has the meaning specified in Section 3.11(b);

"Conversion Event" means the cessation of use of (i) a Foreign Currency (other than the Euro or other currency unit) both by the government of the country which issued such Currency and by a central bank or other public institution of or within the international banking community for the settlement of transactions, (ii) the Euro or (iii) any currency unit (or composite currency) other than the Euro for the purposes for which it was established;

"Corporate Trust Office" means the office of the Trustee at which its corporate trust business, at any particular time, shall be principally administered, which office at the date hereof is located at 5 Penn Plaza, 16th Floor, New York, New York 10001;

"Corporation" means Canadian Pacific Railway Company until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Corporation" shall mean such successor Person;

"Corporation Order" or "Corporation Request" means a written order or request of the Corporation, signed by any two of its Officers holding office at the time of signing, delivered to the Trustee;

"Corporation's Auditors" means an independent firm of chartered accountants duly appointed as auditors of the Corporation;

"Counsel" means any barrister or solicitor or attorney or firm of barristers or solicitors or attorneys who may be counsel for, or (except in the case of an Opinion of Counsel delivered pursuant to Section 10.08 and Section 12.04 or as otherwise provided) an employee of, the Corporation and who shall be reasonably acceptable to the Trustee;

"Coupon" means any interest coupon appertaining to a Security;

"covenant defeasance" has the meaning specified in Section 12.03;

"Currency" means any currency or currencies, composite currency or currency unit or currency units, including, without limitation, the Euro, issued by the government of one or more countries or by any recognized confederation or association of such governments;

"Defaulted Interest" has the meaning specified in Section 3.07;

"defeasance" has the meaning specified in Section 12.02;

"Depository" means, with respect to the Securities of any series issuable or issued in the form of one or more Registered Global Securities, the Person designated as Depository by the Corporation pursuant to Section 3.0I until a successor Depository shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Depository" shall mean each Person who is then a Depository hereunder; and if at any time there is more than one such Person, "Depository" as used with respect to the Securities of any such series shall mean each Depository with respect to the Registered Global Securities of such series;

"Director" means a director of the Corporation for the time being, and reference without more to action by the Directors means action by the Directors as a board or, whenever duly empowered, by the executive committee of the board;

"Directors' Resolution" means a resolution, a copy of which is certified by the Secretary or an Assistant Secretary of the Corporation to have been duly adopted or consented to by the Directors and to be in full force and effect on the date of such certification, delivered to the Trustee;

"Dollars" and "**$**" means lawful money of Canada and **"U.S. Dollars"** and **"U.S. $"** means lawful money of the United States of America;

"Dollar Equivalent of the Currency Unit" has the meaning specified in Section 3.11 (g);

"Dollar Equivalent of the Foreign Currency" has the meaning specified in Section 3.11(f);

"Election Date" has the meaning specified in Section 3.1l(h);

"Euro" means the single Currency of the participating member states from time to time of the European Union described in legislation of the European Counsel for the Operation of a single unified European currency (whether known as the Euro or otherwise);

"Event of Default" has the meaning specified in Section 5.01;

"Exchange Rate Agent" means, with respect to Securities of or within any series, unless otherwise specified with respect to any Securities pursuant to Section 3.01, a New York Clearing House bank, designated pursuant to Section 3.01 or Section 3.12;

"Exchange Rate Officer's Certificate" means a tested telex or a certificate setting forth (i) the applicable Market Exchange Rate and (ii) the Dollar or Foreign Currency amounts of principal (and premium, if any) and interest, if any (on an aggregate basis and on the basis of a Security having the lowest denomination principal amount determined in accordance with Section 3.02 in the relevant Currency), payable with respect to a Security of any series onthe basis of such Market Exchange Rate, sent (in the case of a telex) or signed (in the case of a certificate) by the Treasurer, any Vice President or any Assistant Treasurer of the Corporation;

"Excluded Holder" has the meaning specified in Section 9.08;

"Foreign Currency" means a Currency issued by the government of a country other than the United States;

"GAAP" means generally accepted accounting principles which are in effect from time to time in Canada or, if the Corporation hereafter determines to prepare its consolidated financial statements in accordance with generally accepted accounting principles which are in effect from time to time in the United States, such principles;

"Government Obligations" means securities which are (i) direct obligations of the government which issued the currency in which the Securities of a particular series are denominated for the payment of which its full faith and credit is pledged or (ii) obligations of a Person the payment of which is unconditionally guaranteed as a full faith and credit obligation by such government, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the *Securities Act of 1933* (United States of America), as amended) as custodian with respect to any such Government Obligation or a specific payment of principal of or interest on any such Government Obligation held by such custodian for the account of the holder of such depository receipt, provided that (except as provided by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of such Government Obligation or

the specific payment of principal of or interest on such Government Obligation evidenced by such depository receipt;

"**Holder**" means (i) in the case of any Registered Security, the Person in whose name such Registered Security is registered in the Security Register and (ii) in the case of any Unregistered Security, the bearer of such Unregistered Security, or any Coupon appertaining thereto, as the case may be;

"**Indebtedness**" means at any time, and whether or not contingent, all items of indebtedness in respect of any amounts borrowed which, in accordance with GAAP, would be recorded as indebtedness in the consolidated financial statements of the Corporation as at the date as of which Indebtedness is to be determined, and in any event including, without duplication, (i) any obligation for borrowed money, (ii) any obligation evidenced by bonds, debentures, notes, guarantees or other similar instruments, including, without limitation, any such obligations incurred in connection with tlie acquisition of property, assets or businesses, (iii) any Purchase Money Obligation, (iv) any reimbursement obligation with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of such person, (v) any obligation issued or assumed as the deferred purchase price of property or services, (vi) any Capital Lease Obligation, (vii) any payment obligation under interest rate hedging agreements or arrangements payment of which could not be considered as interest in accordance with GAAP, (viii) any indebtedness in respect of any amounts borrowed or any Purchase Money Obligation secured by any Security Interest existing on property owned subject to such Security Interest, whether or not the indebtedness or Purchase Money Obligation secured thereby shall have been assumed and (ix) guarantees, indemnities, endorsements (other than endorsements for collection in the ordinary course of business) or similar contingent liabilities in respect of obligations of another Person for indebtedness of that other Person in respect of any amounts borrowed by that other Person;

"**Indenture**" means this instrument as originally executed and delivered or, if amended or supplemented as herein provided, as so amended or supplemented or both, and shall include the forms and terms of particular series of Securities established as contemplated by Section 3.01; provided, however, that, if at any time more than one Person is acting as Trustee under this instrument, "Indenture" shall mean, with respect to any one or more series of Securities for which such Person is Trustee, this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of particular series of Securities for which such Person is Trustee established as contemplated by Section 3.01, exclusive, however, of any provisions or terms which relate solely to other series of Securities for which such Person is not Trustee, regardless of when such terms or provisions were adopted, and exclusive of any provisions or terms adopted by means of one or more indentures supplemental hereto executed and delivered after such Person had become such Trustee but to which such Person, as such Trustee, was not a party;

"**Interest Payment Date**", when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security;

"**Judgment Conversion Date**" has the meaning specified in Section 1.17;

"**Judgment Currency**" has the meaning specified in Section 1.17;

"**mandatory sinking fund payment**" has the meaning specified in Section 11.01;

"**Market Exchange Rate**" means, unless otherwise specified with respect to any Securities pursuant to Section 3.01, (i) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.01 for the Securities of the relevant series, (ii) for any conversion of Dollars into any Foreign Currency, the noon (New York City time) buying rate for such Foreign Currency for cable transfers quoted in New York City as certified for customs purposes by the Federal Reserve Bank of New York and (iii) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in either New York City, Toronto, London or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Securities pursuant to Section 3.01, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (i), (ii) and (iii), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such quotation of the Federal Reserve Bank of New York as of the most recent available date, or quotations from one or more major banks in New York City, Toronto, London or another principal market for the Currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any Currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such Currency shall be that upon which a non-resident issuer of securities designated in such Currency would purchase such Currency in order to make payments in respect of such securities.

"**Maturity**", when used with respect to any Security, means the date on which the principal of such Security or an installment of such principal becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof, by declaration of acceleration, call for redemption or otherwise;

"**Officer**", when used with respect to the Corporation, means the Chairman of the Board, the President, any Vice President, any Treasurer, any Assistant Treasurer, the Controller, any Assistant Controller, the Secretary or any Assistant Secretary of the Corporation;

"**Officers' Certificate**" means a certificate of the Corporation, signed by any two Officers in their capacities as officers of the Corporation at the time of signing and not in their personal capacities, delivered to the Trustee;

"**Opinion of Counsel**" means a written opinion of Counsel;

"optional sinking fund payment" has the meaning specified in Section 11.01;

"Original Issue Discount Security" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 5.02;

"Outstanding", when used with respect to Securities, means, as of any particular time, all such Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Corporation) in trust or set aside and segregated in trust by the Corporation (if the Corporation shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Securities which have been paid pursuant to Section 3.06 or have been mutilated, lost, stolen or destroyed and in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture; and

(iv) Securities which have been defeased pursuant to Article Twelve;

provided, however, that in determining whether the Holders of the requisite principal amount of the Securities of any or all series then Outstanding have voted or have signed or given any request, demand, authorization, direction, notice, consent, requisition, waiver or other instrument or have taken any action or constitute a quorum at any meeting of Holders hereunder, (a) the principal amount of an Original Issue Discount Security which shall be deemed to be Outstanding for such purposes shall be the portion of the principal amount thereof that could be declared to be due and payable upon the occurrence of an Event of Default and the continuation thereof pursuant to the terms of such Original Issue Discount Security as of such time and (b) Securities owned by the Corporation, or any other obligor upon the Securities, or any Subsidiary or any Affiliate of the Corporation or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, requisition, waiver or other instrument or action or on the Holders present or represented at any meeting of Holders, only Securities which the Responsible Officer of the Trustee knows to be so owned shall be so disregarded;

"Paying Agent" means any Person authorized by the Corporation to pay the principal of (and premium, if any) or interest on any Securities on behalf of the Corporation;

"Periodic Offering" means an offering of Securities of any series from time to time, the specific terms of which Securities, including, without limitation, the rate or rates of interest, if any, thereon, the Stated Maturity or Stated Maturities thereof and the redemption provisions, if any, with respect thereto are to be determined by the Corporation or its agents upon the issuance of such Securities;

"Permitted Encumbrances" means any of the following:

(i) any Security Interest existing as of the date of the first issuance by us of the Securities issued pursuant to the Indenture, or arising thereafter pursuant to contractual commitments entered into prior to such issuance including without limitation, any outstanding Perpetual 4% Consolidated Debenture Stock of the Corporation, whether issued, pledged or vested in trust;

(ii) any Security Interest in favor of the Corporation or any of its wholly-owned Subsidiaries;

(iii) any Security Interest existing on the property of any Person at the time such Person becomes a Subsidiary, or arising thereafter pursuant to contractual commitments entered into prior to and not in contemplation of such Person becoming a Subsidiary;

(iv) any Security Interest on property of a Person which Security Interest exists at the time such Person is merged into, or amalgamated or consolidated with, the Corporation or a Subsidiary, or such property is otherwise acquired by the Corporation or a Subsidiary, provided that such Security Interest does not extend to property owned by the Corporation or such Subsidiary immediately prior to such merger, amalgamation, consolidation or acquisition;

(v) any Security Interest already existing on property acquired (including by way of lease) by the Corporation or any of its Subsidiaries at the time of such acquisition;

(vi) any Security Interest securing any Indebtedness incurred in the ordinary course of business and for the purpose of carrying on the same, repayable on demand or maturing within 12 months of the date when such Indebtedness is incurred or the date of any renewal or extension thereof;

(vii) any Security Interest in respect of (a) liens for taxes and assessments not at the time overdue or any liens securing workmen's compensation assessments, unemployment insurance or other social security obligations; provided, however, that if any such liens, duties or assessments are then overdue, the Corporation or the Subsidiary, as the case may be, shall be prosecuting an appeal or proceedings for review with respect to which it shall be entitled to or shall have secured a stay in the enforcement of any

such obligations, (b) any lien for specified taxes and assessments which are overdue but the validity of which is being contested at the time by the Corporation or the Subsidiary, as the case may be, in good faith, (c) any liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease, (d) any obligations or duties, affecting the property of the Corporation or that of a Subsidiary to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising from the fact that such structures or facilities are constructed or installed on lands held by the Corporation or the Subsidiary under government permits, leases, licenses or other grants, (e) any deposits or liens in connection with contracts, bids, tenders or expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, public and statutory obligations and liens or claims incidental to current construction or operations including but not limited to, builders', mechanics', laborers', materialmen's, warehousemen's, carrier's and other similar liens, (f) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit to terminate any such lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition to the continuance thereof, (g) any Security Interest the validity of which is being contested at the time by the Corporation or a Subsidiary in good faith or payment of which has been provided for by creation of a reserve in an amount in cash sufficient to pay the same in full, (h) any easements, rights-of-way and servitudes (including, without in any way limiting the generality of the foregoing, easements, rights-of-way and servitudes for railways, sewers, dykes, drains, gas and water mains or electric light and power or telephone conduits, poles, wires and cables) and minor defects, or irregularities of title that, in the opinion of the Corporation, will not in the aggregate materially and adversely impair the use or value of the land concerned for the purpose for which it is held by the Corporation or the Subsidiary, as the case may be, (i) any security to a public utility or any municipality or . governmental or other public authority when required by such utility or other authority in connection with the operations of the Corporation or the Subsidiary, as the case may be, j) any liens and privileges arising out of judgments or awards with respect to which the Corporation or the Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall be entitled to or shall have secured a stay of execution pending such appeal or proceedings for review and (k) reservations, limitations, provisos and conditions, if any expressed in or affecting any grant of real or immoveable property or any interest therein;

(viii) any Security Interest in respect of any Purchase Money Obligation;

(ix) any extension, renewal, alteration or replacement (or successive extensions, renewals, alterations or replacements) in whole or in part, of any Security Interest referred to in the foregoing clauses (i) through (viii) inclusive, provided that the principal amount of the Indebtedness secured thereby on the date of such extension, renewal, alteration or replacement is not increased and the Security Interest is limited to the property or other assets which secured the Security Interest so extended, renewed, altered or replaced (plus improvements on such property or other assets or the proceeds thereof); and

(x) any Security Interest that would otherwise be prohibited (including any extensions, renewals, alterations or replacements thereof) provided that the aggregate Indebtedness outstanding and secured under this clause (x) does not (calculated at the time of the granting of the Security Interest) exceed an amount equal to 10% of that portion of Consolidated Net Tangible Assets attributable to Railway Properties.

"Person" means any individual, corporation, limited liability company, partnership, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof;

"Place of Payment", when used with respect to the Securities of any series, means the place or places where the principal of (and premium, if any) and interest on the Securities of such series are payable as determined by or pursuant to this Indenture;

"Purchase Money Obligation" means any monetary obligation (including a Capital Lease Obligation) created, assumed or incurred prior to, at the time of, or within 180 days after the acquisition (including by way of lease), construction or improvement of any real or tangible personal property, for the purpose of financing all or any part of the purchase price or lease payments in respect thereof, provided that the principal amount of such obligation may not exceed the unpaid portion of the purchase price or lease payments, as applicable, and further provided that any security given in respect of such obligation shall not extend to any property other than the property acquired in connection with which such obligation was created or assumed and fixed improvements, if any, thereto or erected or constructed thereon and the proceeds thereof;

"Railroad Subsidiary" means a Subsidiary whose principal assets are Railway Properties;

"Railway Properties" means all main and branch lines of railway located in Canada or the United States, including all real property used as the right of way for such lines;

"Redemption Date" when used with respect to any Security to be redeemed, means the date specified for such redemption in accordance with or pursuant to this Indenture;

"Redemption Price", when used with respect to any Security to be redeemed, means the price at which such Security is to be redeemed in accordance with or pursuant to this Indenture;

"Registered Global Security" means a Security that evidences all or part of any series of Securities, is issued to the Depository for such series, or its nominee, in accordance with Section 3.02 and bears the legend prescribed in Section 3.02;

"Registered Security" means any Security registered on the Security Register;

"Regular Record Date", for the interest payable on any Interest Payment Date on the Registered Securities of any series, means the date specified for such purpose in accordance with or pursuant to this Indenture;

"Repayment Date" means, when used with respect to any Security to be repaid at the option of the Holder, the date fixed for such repayment pursuant to this Indenture;

"Required Currency" has the meaning specified in Section 1.17;

"Responsible Officer", when used with respect to the Trustee, means any vice president, any assistant treasurer, any senior trust officer, any trust officer, any assistant trust officer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject;

"Securities" has the meaning stated in the first recital of this instrument and more particularly means any Securities authenticated and delivered under this Indenture; provided, however, that if at any time there is more than one Person acting as Trustee under this Indenture, "Securities" with respect to the Indenture as to which such Person is Trustee shall have the meaning stated in the first recital of this Indenture and shall more particularly mean Securities authenticated and delivered under this Indenture, exclusive, however, of Securities of any series as to which such Person is not Trustee;

"Security Interest" means any security by way of an assignment, mortgage, charge, pledge, lien, encumbrance, title retention agreement or other security interest whatsoever, howsoever created or arising, whether absolute or contingent, fixed or floating, perfected or not, but not including any security interest in respect of a lease which is not a Capital Lease Obligation or any encumbrance that may be deemed to arise solely as a result of entering into an agreement not in violation of the terms of the Indenture to sell or otherwise transfer assets or property;

"Security Register" and **"Security Registrar"** have the respective meanings specified in Section 3.05;

"Shareholders' Equity" means, with respect to any Person, at any date, the aggregate of the Dollar amount of the outstanding share capital, the amount, without duplication, of any surplus, whether contributed or capital, and retained earnings, subject to any currency

translation adjustment, all as set forth in such Person's most recent annual consolidated balance sheet;

"Significant Subsidiary" means a Subsidiary that constitutes a "significant subsidiary" as defined in Rule 1-02 of Regulation S-X under the U.S. Securities Exchange Act of 1934, as amended;

"sinking fund payment date" has the meaning specified in Section 11.01;

"Special Record Date", for the payment of any Defaulted Interest, means a date fixed by the Trustee pursuant to Section 3.07;

"Specified Amount" has the meaning specified in Section 3.11;

"Stated Maturity", when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security and any Coupon appertaining thereto as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable;

"Subsidiary" means any corporation or other Person of which there are owned, directly or indirectly, by or for the Corporation or by or for any corporation or other Person in like relation to the Corporation, Voting Shares or other interests which, in the aggregate, entitle the holders thereof to cast more than 50% of the votes which may be cast by the holders of all outstanding Voting Shares of such first mentioned corporation or other Person for the election of its directors or, in the case of any Person which is not a corporation, Persons having similar powers or (if there are no such persons) entitle the holders thereof to more than 50% of the income or capital interests (however called) thereon and includes any corporation in like relation to a Subsidiary;

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended, as in force at the date as of which this Indenture was executed, except as provided in Section 8.06;

"Trustee" means The Bank of New York until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder; and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to the Securities of such series;

"United States" means the United States of America (including the states and the District of Columbia), its territories, possessions and other areas subject to its jurisdiction;

"Unregistered Security" means any Security other than a Registered Security;

"Valuation Date" has the meaning specified in Section 3.11(c);

"Vice President", when used with respect to the Corporation or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president";

"**Voting Shares**" means shares of capital stock of any class of a corporation and other interests of any other Persons having under all circumstances the right to vote for the election of the directors of such corporation or in the case of any Person which is not a corporation, Persons having similar powers or (if there are no such persons) income or capital interests (however called), provided that, for the purpose of this definition, shares or other interests which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Shares whether or not such event shall have happened;

"**Yield to Maturity**" means the yield to maturity on a series of Securities, calculated at the time of issuance of such series, or, if applicable, at the most recent redetermination of interest on such series, in accordance with accepted financial practice;

All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP;

The words "hereto", "herein", "hereof", "hereby" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision and references to Articles and Sections are to Articles and Sections of this Indenture; and

Words importing the singular number only include the plural and *vice versa*, words importing any gender include any other gender and any reference to any statute or other legislation shall be deemed to be a reference to such legislation as now enacted or as the same may from time to time be amended, re-enacted or replaced.

Section 1.02 Compliance Certificates and Opinions

Upon any application or request by the Corporation to the Trustee to take any action under any provision of this Indenture, the Corporation shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such Counsel all such conditions precedent, if any, have been complied with, except that in the case of any application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each individual signing such certificate or opinion has read and understands such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination and investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such individual, he or she has made such examination or investigation as he or she believes necessary to enable him or her to make the statement or express the opinion contained in such certificate or opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with in accordance with the terms of the Indenture.

Section 1.03 Form of Documents Delivered to Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it shall not be necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons with respect to other matters, and any such Person may certify or give an opinion with respect to such matters in one or several documents.

Any certificate or opinion of an Officer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, Counsel, unless such Officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the legal matters upon which his or her certificate or opinion is based are erroneous. Any such certificate or opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an Officer or Officers stating that the information with respect to such factual matters is in the possession of the Corporation, unless such Counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such factual matters are erroneous.

Any certificate or opinion of an Officer or Opinion of Counsel may be based, insofar as it relates to any accounting matters, upon a certificate or opinion of, or representations by, the Corporation's Auditors or an accountant or another firm of accountants engaged by the Corporation, unless such Officer or Counsel, as the case may be, knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such accounting matters are erroneous. Any certificate or opinion of any independent firm of chartered accountants filed with and directed to the Trustee shall contain a statement that such firm is independent.

Section 1.04 Acts of Holders

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action required or permitted by this Indenture to be given or taken by a specified percentage in aggregate principal amount of the Holders of one or more series then Outstanding may be embodied in and evidenced: (i) by one or more instruments of substantially similar tenor signed by such specified percentage of Holders in person or by agent duly appointed in writing, and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, if hereby expressly required, to the Corporation; (ii) by the record of such specified percentage of Holders voting in favor thereof at any meeting of such Holders duly called and held; and (iii) by a combination of such instrument or instruments and any such record of a meeting. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments or voting at such meeting. Proof of the execution of any such instrument or of a writing appointing any such agent and of the holding by any Person of any of the Securities of any series shall be sufficient for any purpose of this Indenture and, subject to Section 6.01, conclusive in favor of the Trustee and the Corporation, if made in the manner set forth in this Section.

(b) The fact and date of the execution by any such Person of any instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction authorized to take acknowledgments of deeds or administer oaths that the Person executing such instrument or writing acknowledged to him or her the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer. Where such execution is by or on behalf of any legal entity other than an individual, such certificate or affidavit shall also constitute sufficient proof of the authority of the Person executing the same.

(c) The ownership of an Unregistered Security of any series, or of any Coupon attached thereto at its issuance, and the identifying number of such Security and the date of such ownership, may be proved by the production of such Security or Coupon or by a certificate executed by any trust company, bank, banker or recognized securities dealer, wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory. Each such certificate shall be dated and shall state that on the date thereof a Security of such series bearing a specified identifying number was deposited with such trust company, bank, banker or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Unregistered Securities of one or more series specified therein. The ownership by the Person named in any such certificate of any Unregistered Security specified therein shall be presumed to continue unless at the time of any determination of such ownership and holding (i) another certificate bearing a later date issued in respect of such Security shall be produced, (ii) such Security shall be produced by some other Person, (iii) such Unregistered Security shall have been exchanged for a Registered Security or (iv) such Security shall have ceased to be Outstanding.

(d) Subject to Section 6.01, the fact and date of the execution of any such instrument or writing and the ownership, principal amount and number(s) of any Unregistered Securities may also be proved in accordance with such reasonable rules and regulations as may be prescribed by the Trustee for any series or in any other manner which the Trustee may deem sufficient.

(e) In the case of Registered Securities, the ownership thereof shall be proved by the Security Register.

(f) The Corporation may fix a record date for the purpose of determining the identity of the Holders entitled to participate in any Act required or permitted under this Indenture, which record date shall be not earlier than 30 days prior to the first solicitation of the written instruments or vote required for such Act. If such a record date is fixed, the Persons who were the Holders of the Securities of the affected series at the close of business on such record date (or their duly authorized proxies) shall be the only Persons entitled to execute written instruments or to vote with respect to such Act, or to revoke any written instrument or vote previously delivered or given, whether or not such Persons shall continue to be Holders of the Securities of such series after such record date. With regard to any action that may be given or taken hereunder only by Holders of a requisite principal amount of Outstanding Securities of any series (or their duly appointed agents) and for which a record date is set pursuant to this paragraph, the Corporation may, at its option, set an expiration date after which no such action purported to be given or taken by any Holder shall be effective hereunder unless given or taken on or prior to such expiration date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date (or their duly appointed agents). On or prior to any expiration date set pursuant to this paragraph, the Corporation may, on one or more occasions at its option, extend such date to any later date. Nothing in this paragraph shall prevent any Holder (or any duly appointed agent thereof) from giving or taking, after any expiration date, any action identical to, or, at any time, contrary to or different from, any action given or taken, or purported to have been given or taken, hereunder by a Holder on or prior to such date, in which event the Corporation may set a record date in respect thereof pursuant to this paragraph. Notwithstanding the foregoing, the Corporation shall not set a record date for, and the provisions of this paragraph shall not apply with respect to, any action to be given or taken by Holders pursuant to Section 5.01 or 5.02.

(g) At any time prior to (but not after) the evidencing to the Trustee, as provided in paragraph (a) of this Section, of any Act by the Holders of the requisite percentage of the aggregate principal amount of the Securities of one or more series, as the case may be, any Holder of a Security, the serial number of which is shown by the evidence to be included among the serial numbers of the Securities the Holders of which have consented to such Act, may, by filing written notice at the Corporate Trust Office and upon proof of ownership as required or permitted by this Section, revoke any written instrument or vote with respect to such Act in respect of such Security. Except as provided in the preceding sentence, any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of

transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Corporation in reliance thereon, whether or not notation of such action is made upon such Security.

(h) Without limiting the foregoing, a Holder entitled hereunder to give or take any action hereunder with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any different part of such principal amount.

Section 1.05 Notices, Etc., to Trustee

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document required or permitted by this Indenture to be made upon, given or furnished to, or filed with, the Trustee by any Holder or by the Corporation shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee (i) by delivery to the Trustee at the Corporate Trust Office, Attention: Corporate Trust Administration, (ii) by facsimile (with confirmation) to fax number (212) 328-7530 or (iii) by mail by registered letter, postage prepaid, to the Trustee at the Corporate Trust Office Attention: Corporate Trust Administration and, subject as provided in this Section 1.05, shall be deemed to have been given when received. In the case of disruption in postal services any notice shall be sent by facsimile or delivered. The Trustee may from time to time notify the Corporation of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Trustee for all purposes of this Indenture.

Section 1.06 Notices, Etc., to Corporation

Any request, demand, authorization, direction, notice, consent, waiver, or Act of Holders or other document required or permitted by this Indenture to be made upon, given or furnished to, or filed with the Corporation under the provisions hereof by the Trustee or by any Holder shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Corporation (i) by delivery to Suite 500, 401 9th Avenue, S.W., Calgary, Alberta T2P 4Z4, Attention: Vice President, Legal Services and Corporate Secretary, (ii) by facsimile (with confirmation) to fax number (403) 319-7473 or (iii) by mail by registered letter, postage prepaid, addressed to the Corporation at Suite 500, 401 9th Avenue, S.W., Calgary, Alberta T2P 4Z4, Attention: Vice President, Legal Services and Corporate Secretary and, subject as provided in this Section 1.06, shall be deemed to have been given at the time of delivery or sending by facsimile or on the third Business Day after mailing. Any delivery made or facsimile sent on a day other than a Business Day, or after 5:00 p.m. (New York time) on a Business Day, shall be deemed to be received on the next following Business Day. In the case of disruption in postal services any notice, if mailed, shall not be deemed to have been given until it is actually delivered to the Corporation. The Corporation may from time to time notify the Trustee of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Corporation for all purposes of this Indenture.

Section 1.07 Notice to Holders; Waiver

Where this Indenture or any Security requires or permits notice by the Corporation or by the Trustee to the Holders of any event, such notice shall be sufficient (unless otherwise herein or in such Security expressly provided) if (i) in the case of any Holders of Registered Securities of any series or any Holders of Unregistered Securities of any series who shall have filed their names and addresses with the Trustee (for purposes of receipt of notice), given or served by being sent by electronic communication or by being deposited in the mail, frrst-class, postage prepaid, addressed to such Holders at their addresses or electronic communication numbers as they shall appear on the Security Register or at the addresses so filed, respectively, and (ii) in the case of any Holders of other Unregistered Securities, published at least once in an Authorized Newspaper in Canada (if required), in The City of New York (if required), the United Kingdom (if required) and Luxembourg (if required), not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. The Corporation shall notify the Trustee of any required publication of any notices to Holders. In any case where notice to the Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to the other Holders. In case, by reason of the suspension or disruption of or irregularities in regular mail service or by reason of any other cause, it shall be impracticable to give any such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

Where this Indenture or any Security provides for or permits notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1.08 Effect of Headings and Table of Contents

The headings of the Articles and Sections herein and the Table of Contents are for convenience only and shall not affect the construction or interpretation hereof.

Section 1.09 Successors and Assigns

All covenants and agreements in this Indenture by the Corporation shall bind its successors and assigns, whether so expressed or not.

Section 1.10 Separability Clause

In case any provision in this Indenture or in the Securities or Coupons shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions thereof shall not in any way be affected or impaired by such invalidity, illegality or unenforceability.

Section 1.11 Benefits of lndenture

Nothing in this Indenture, in the Securities or in the Coupons, express or implied, shall give or be construed to give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1.12 Governing Law

This Indenture and each Security and Coupon shall be governed by and construed in accordance with the laws of the State of New York and the federal laws of the United States of America applicable thereto and shall be treated in all respects as New York contracts, except as may be otherwise required by mandatory provisions of law.

Section 1.13 Language Clause

Les parties aux presentes ont exige que la presente convention ainsi que tons Jes documents et avis qui s'y rattachent et/ou qui en decouleront soient rediges en langue anglaise. The parties hereto have required that this Indenture and all documents and notices related thereto be in English.

Section 1.14 Legal Holidays

In any case where any Interest Payment Date, Redemption Date, Sinking Fund Payment Date or Stated Maturity or Maturity or Coupon shall not be a Business Day in a Place of Payment then (notwithstanding any other provision of this Indenture, of the Securities or of the Coupons) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as though made on the Interest Payment Date, the Redemption Date, at the Stated Maturity, the Sinking Fund Payment Date or at Maturity, and no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date, Sinking Fund Payment Date or Stated Maturity of any Security or Maturity of any Security, as the case may be. Except as otherwise provided in the preceding sentence, whenever any period of time would begin or end, any calculation is to be made, or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, such period of time shall begin or end, such calculation shall be made or such other action shall be taken on the next succeeding Business Day and an extension of time shall be included for the purposes of computation of interest thereon. Any payment made after 5:00 p.m. (New York time) on a Business Day shall be deemed to be made on the next following Business Day.

Section 1.15 Counterparts

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original; but all such counterparts shall together constitute but one and the same instrument.

Section 1.16 Securities in a Foreign Currency or in Euros

Unless otherwise specified in or pursuant to a Directors' Resolution, a supplemental indenture or an Officers' Certificate delivered pursuant to Section 3.01 with respect to a particular series of Securities, whenever for purposes of this Indenture any action may be taken by the Holders of a specified percentage in aggregate principal amount of the Securities of one or more series at the time Outstanding and, at such time, there are Outstanding Securities of any such affected series which are denominated in a Foreign Currency, then the principal amount of the Securities of such series which shall be deemed to be Outstanding for the purpose of taking such action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable record date established pursuant to Section 1.04 or, if no such record date shall have been established, on the date that the taking of such action shall be authorized by Act of the Holders of the Securities of all such affected series. The provisions of this paragraph shall also apply in connection with any other action taken by the Holders pursuant to the terms of this Indenture, including without limitation any action under Section 5.02.

All decisions and determinations of the Corporation regarding the Market Exchange Rate or any alternative determination provided for in the preceding paragraph shall be in its sole discretion and shall, in the absence of manifest error, be conclusive to the extent permitted by law for all purposes and irrevocably binding upon the Corporation and all Holders.

Section 1.17 Judgment Currency

(a) The Corporation agrees, to the fullest extent that it may effectively do so under applicable law, that if for the purpose of obtaining or enforcing judgment against the Corporation in any court it is or becomes necessary to convert the sum due in respect of the principal of (and premium, if any) or interest on the Securities of any series (the "Required Currency") into a currency in which a judgment will be rendered (the "Judgment Currency"), the conversion shall be made at the rate of exchange at which, in accordance with normal banking procedures, the Corporation could purchase in Calgary, Alberta, Canada the Required Currency with the Judgment Currency on the Business Day immediately preceding:

(i) the date of actual payment of the amount due, in the case of any proceeding in the courts of the Province of Alberta or in the courts of any other jurisdiction that will give effect to such conversion being made on such date; or

(ii) the date on which the final unappealable judgment is given, in the case of any proceeding in the courts of any other jurisdiction

(the date as of which such conversion is made pursuant to this clause being hereinafter in this Section 1.17 referred to as the "Judgment Conversion Date").

(b) If, in the case of any proceeding in the court of any jurisdiction referred to in clause (ii) of Section l.l7(a), there is a change in the rate of exchange prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the Corporation shall pay such additional amount (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of Dollars which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date.

(c) The Corporation also agrees, to the fullest extent that it may effectively do so under applicable Jaw, that its obligations under this Indenture and the Securities of such series to make payments in the Required Currency (i) shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment, in any currency other than the Required Currency, except to the extent that such tender or recovery shall result in the effective receipt by the payee of the full amount of the Required Currency expressed to be payable in respect of such payments, (ii) shall be enforceable as an alternative or additional cause of action for the purpose of recovering in the Required Currency the amount, if any, by which such effective receipt shall fall short of the full amount of the Required Currency so expressed to be payable and (iii) shall not be affected by judgment being obtained for any other sums due under this Indenture.

(d) The term "rate of exchange" in this Section 1.17 means the noon rate of exchange for the Judgment Currency in Dollars quoted by the Bank of Canada for the day in question.

(e) In the event of the winding-up of the Corporation at any time while any amount or damages owing under the Securities and this Indenture, or any judgment or order rendered in respect thereof, shall remain outstanding, the Corporation shall indemnify and hold the Holders and the Trustee harmless against any deficiency arising or resulting from any variation in rates of exchange between (1) the date as of which the equivalent of the amount in the Required Currency due or contingently due under the Securities and this Indenture (other than under this Subsection (e)) is calculated for the purposes of such winding-up and (2) the final date for the filing of proofs of claim in such winding up. For the purpose of this Subsection (e) the final date for the filing of proofs of claim in the winding-up of the Corporation shall be the date fixed by the liquidator or otherwise in accordance with the relevant provisions of applicable Jaw as being the latest practicable date as at which liabilities of the Corporation may be ascertained for such winding-up prior to payment by the liquidator or otherwise in respect thereto.

Section 1.18 Agent for Process; Submission to Jurisdiction

By its execution and delivery of this Indenture, the Corporation irrevocably designates and appoints CT Corporation System, 111 8th Avenue, 13th Floor, New York, New York 10011, U.S.A. as the Corporation's authorized agent (the "Authorized Agent") upon whom process may be served in any action, suit or proceeding arising out of or

relating to this Indenture, the Securities and/or the Coupons but for that purpose only, and agrees that service of process upon said CT Corporation System, and written notice of such service to the Corporation in the manner provided in Section 1.06, shall be deemed in every respect effective service of process upon the Corporation in any such action, suit or proceeding in any federal or state court in the Borough of Manhattan, The City of New York. The Corporation hereby irrevocably submits to the non-exclusive jurisdiction of any such court in respect of any such legal action or proceeding and waives any objection it may have to the laying of the venue of any such legal action or proceeding. Such designation shall be irrevocable until all amounts in respect of the principal of and interest due and to become due on or in respect of all the Securities issued under this Indenture have been paid by the Corporation pursuant to the terms hereof and the Securities. Notwithstanding the foregoing, the Corporation reserves the right to appoint another Person located or with an office in the Borough of Manhattan, The City of New York, selected in its discretion, as a successor Authorized Agent, and upon acceptance of such consent to service of process by such a successor the designation of the prior Authorized Agent shall terminate. The Corporation shall give notice to the Trustee and all Holders of the designation by them of a successor Authorized Agent. If for any reason the Authorized Agent ceases to be able to act as the Authorized Agent or to have an address in the Borough of Manhattan, The City of New York, the Corporation will designate a successor authorized agent in accordance with the preceding sentence. The Corporation further agrees to take any and all action, including the execution and filing of any and all such documents and instruments, as may be necessary to continue the designation and appointment of said CT Corporation System, or of any successor Authorized Agent of the Corporation, in full force and effect so long as any of the Securities or Coupons shall be outstanding.

Section 1.19 Shareholder, Officers and Directors Exempt from Individual Liability

No recourse under or upon any obligation, covenant or agreement contained in this Indenture, or in any Security or Coupon, or because of any indebtedness evidenced thereby, shall be had against any past, present or future shareholder, officer or director, as such, of the Corporation or of any successor, either directly or through the Corporation or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of the Securities and the Coupons appertaining thereto by the Holders thereof and as part of the consideration for the issue of the Securities and the Coupons appertaining thereto.

ARTICLE TWO
SECURITY FORMS

Section 2.01 Forms Generally

The Securities of each series and the Coupons, if any, to be attached thereto shall be substantially in such form, not inconsistent with this Indenture, as shall be established by or pursuant to one or more Directors' Resolutions (as set forth in either a Directors' Resolution or, to the extent established pursuant to, rather than set forth in, a Directors' Resolution, an Officers' Certificate detailing such establishment) or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such letters, numbers or other marks of identification and such legends or endorsements, not inconsistent with this Indenture, as may be required to comply with any law or any rules or regulations pursuant thereto, or with any rules of any securities exchange, or to conform to general usage, all as may be determined by the Officers executing such Securities and Coupons, if any, as evidenced by their execution of such Securities and Coupons.

The definitive Securities and the Coupons, if any, to be attached thereto shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the Officers executing such Securities and Coupons, if any, as evidenced by their execution of such Securities and Coupons.

Section 2.02 Form of Trustee's Certificate of Authentication

Subject to Section 6.13, the Trustee's certificate of authentication on all Securities shall be in substantially the following form:

"This is one of the Securities of a series referred to in the within-mentioned Indenture.

The Bank of New York,
as Trustee

Dated:_____ By:_____
Authorized Signatory'"

If at any time there shall be an Authenticating Agent appointed with respect to any series of the Securities, the Securities of each such series shall bear, in addition to the form of the Trustee's certificate of authentication, an alternate certificate of authentication which shall be in substantially the following form:

"This is one of the Securities of a series referred to in the within-mentioned Indenture.

The Bank of New York,
as Trustee

Dated: _____

By:_____
as Authenticating Agent

By:_____
Authorized Signatory"

ARTICLE THREE
THE SECURITIES

Section 3.01 Amount Unlimited; Issuable in Series

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series, and, except as otherwise provided herein, each such series shall rank at least *pari passu* with all other unsecured and unsubordinated debt of the Corporation from time to time outstanding and *pari passu* with other Securities issued under this Indenture. There shall be established in or pursuant to one or more Directors' Resolutions (and to the extent established pursuant to, rather than set forth in, a Directors' Resolution, in an Officers' Certificate detailing such establishment) or in one or more indentures supplemental hereto, prior to the original issuance of the Securities of any series:

(1) the designation of the Securities of such series (which shall distinguish the Securities of such series from the Securities of all other series);

(2) any limit upon the aggregate principal amount of the Securities of such series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of such series pursuant to Section 3.04, 3.05, 3.06, 8.05 or 10.07 and except for any Securities which, pursuant to Section 3.02, are deemed never to have been authenticated and delivered hereunder);

(3) if other than U.S. Dollars, the coin or currency in which the Securities of such series are denominated (including, but not limited to, any Foreign Currency);

(4) the extent and manner, if any, to which payment on or in respect of Securities of that series will be senior or will be subordinated to the prior payment of other liabilities and obligations of the Corporation;

(5) the date or dates of issue of the Securities of such series and the date or dates on which the principal of the Securities of such series shall be payable and/or the method by which such date or dates shall be determined;

(6) the rate or rates at which the Securities of such series shall bear interest, if any, the date or dates from which such interest shall accrue, the Interest Payment Dates on which such interest shall be payable and, in the case of Registered Securities, the Regular Record Date for the interest payable on any Interest Payment Date and/or the method by which such rate or rates or date or dates shall be determined;

(7) any place or places other than the Corporate Trust Office where the principal of (and premium, if any) and interest on the Securities of such series shall be payable;

(8) the period or periods within which, the price or prices at which and the terms and conditions upon which the Securities of such series may be redeemed, in whole or in part, at the option of the Corporation, pursuant to any sinking fund or otherwise and/or the method by which such period or periods, price or prices and terms and conditions shall be determined;

(9) the right or obligation, if any, of the Corporation, to redeem, purchase or repay the Securities of such series pursuant to any voluntary or mandatory redemption, sinking fund or analogous provision and the period or periods within which, the price or prices at which and the terms and conditions upon which the Securities of such series shall be so redeemed, purchased or repaid and/or the method by which such period or periods, price or prices and terms and conditions shall be determined;

(10) if other than denominations of U.S. $1,000 and any integral multiple thereof in the case of Registered Securities or the Unregistered Securities, the denominations in which the Securities of such series shall be issuable or the method by which such denominations shall be determined;

(11) if other than the principal amount thereof, the portion of the principal amount of the Securities of such series which shall be payable upon declaration of acceleration of the Maturity thereof or the method by which such portion shall be determined;

(12) if the principal of (and premium, if any) or interest on the Securities of such series are to be payable, at the election of the Corporation or a Holder thereof, in a coin or currency other than that in which the Securities of such series are denominated, the period or periods within which, and the terms and conditions upon which, such election may be made and/or the method by which such period or periods and terms and conditions shall be determined;

(13) if the amount of payments of the principal of (and premium, if any) and interest on the Securities of such series may be determined with reference to an index, the manner in which such amounts shall be determined;

(14) whether the Securities of such series will be issuable as Registered Securities (and if so, whether such Registered Securities will be issuable as Registered Global Securities) or Unregistered Securities (with or without Coupons), or any combination of the foregoing, any restrictions applicable to the offer, sale or delivery of Unregistered Securities or the payment of interest thereon and, if other than as provided in Section 3.05, the terms upon which Unregistered Securities of such series may be exchanged for Registered Securities of such series and vice versa;

(15) whether, under what circumstances and the Currency in which the Corporation will pay Additional Amounts as contemplated by Section 9.08 on the Securities of the series to any Holder (including any modification to the definition of such term) in respect of any tax, assessment or governmental charge and, if so, whether the

Corporation will have the option to redeem such Securities rather than pay such Additional Amounts (and the terms of any such option);

(16) if the Securities of the series are to be convertible into or exchangeable for any securities of any Person (including the Corporation), the terms and conditions upon which such Securities will be so convertible or exchangeable;

(17) the designation of the initial Exchange Rate Agent, if any;

(18) whether the Securities of such series will be issuable in the form of one or more Registered Global Securities, and the identification of the Depository for such Registered Global Securities;

(19) if the Securities of such series are to be issuable in definitive form (whether upon original issuance or upon exchange of a temporary Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, the form and terms of such certificates, documents or conditions;

(20) any trustees, Depositories, authenticating or paying agents, transfer agents, registrars or other agents with respect to the Securities of such series;

(21) any additional events of default or covenants with respect to the Securities of such series or any Events of Default or covenants herein specified which shall not be

applicable to the Securities of such series;

(22) the Person to whom any interest on a Security of any series shall be payable, if other than the Person in whose name that Security is registered at the close of business on the Regular Record Date for such interest; and

(23) any other terms of such series.

All Securities of any one series and the Coupons, if any, appertaining thereto shall be substantially identical, except in the case of Registered Securities as to denomination and except as may otherwise be provided by or pursuant to the Directors' Resolution or Officers' Certificate referred to above or as may otherwise be set forth in any indenture supplemental hereto referred to above. All Securities cif any series need not be issued at the same time and, unless otherwise provided, a series may be reopened for issuances of additional Securities of such series, if so provided by or pursuant to such Directors' Resolution, Officers' Certificate or supplemental indenture.

Section 3.02 Execution, Authentication and Delivery

The Securities shall be executed on behalf of the Corporation by any two of the following Officers: its Chairman of the Board, its President, any of its Vice Presidents, the Secretary, the Treasurer, or any of its Assistant Treasurers. The signature of any Officer on the Securities may be manual or facsimile. Typographical and other minor errors or defects in any such reproduction of such seal or any such signature shall not

affect the validity or enforceability of any Security which has been duly authenticated and delivered by the Trustee. The Coupons, if any, attached to the Securities of any series shall bear the facsimile signature of any Vice President of the Corporation. A facsimile signature upon a Security or a Coupon shall for all purposes of this Indenture be deemed to be the Signature of the person whose signature it purports to be.

In case any such Officer who shall have so executed any of the Securities or Coupons, if any, shall cease to hold such office before the Security or Coupon so executed (or the Security to which the Coupon so executed appertains) shall be authenticated and delivered by the Trustee or disposed of by the Corporation such Security or Coupon nevertheless may be authenticated and delivered or disposed of and shall bind the Corporation as though the Person who signed such Security or Coupon had not ceased to be such Officer; and any Security or Coupon may be so executed on behalf of the Corporation by such Persons as, at the actual date of execution of such Security or Coupon, shall be the proper officers of the Corporation although at the date of the execution and delivery of this Indenture any such Person was not such an officer.

At any time and from time to time after the execution and delivery of this Indenture, the Corporation may deliver Securities of any series, having attached thereto the Coupons, if any, appertaining thereto, executed by the Corporation to the Trustee for authentication, together with a Corporation Order for the authentication and delivery of such Securities and the other applicable documents referred to below in this Section, and thereupon the Trustee shall authenticate and deliver such Securities pursuant to such Corporation Order or pursuant to procedures acceptable to the Trustee specified from time to time by a Corporation Order. In authenticating the Securities of any series and accepting the additional responsibilities under this Indenture in respect of the Securities of such series, the Trustee shall be entitled to receive (but, in the case of subparagraphs (b), (c) and (d) below, only at or before the time of the first request of the Corporation to the Trustee to authenticate Securities of such series) and, subject to Section 6.01, shall be fully protected in relying upon, unless and until such documents shall have been superseded or revoked:

(a) a Corporation Order requesting such authentication and setting forth delivery instructions if the Securities of such series and the Coupons, if any, appertaining thereto are not to be delivered to the Corporation provided that, with respect to the Securities of any series which are subject to a Periodic Offering: (i) the Trustee shall authenticate and deliver the Securities of such series for original issue from time to time, in an aggregate principal amount not exceeding the aggregate principal amount established for such series, pursuant to a Corporation Order or pursuant to procedures acceptable to the Trustee specified from time to time by a Corporation Order, (ii) if so provided in or pursuant to the Directors' Resolution or supplemental indenture establishing the Securities of such series, the maturity date, the original issue date, the interest rate and any other terms of any or all of the Securities of such series and the Coupons, if any, appertaining thereto may be determined by a Corporation Order or pursuant to such procedures and (iii) if so provided in such procedures, such Corporation Order may authorize authentication and delivery pursuant to electronic instructions from

the Corporation or its duly authorized agent, which instructions shall be promptly confirmed in writing;

(b) any Directors' Resolution, Officers' Certificate and/or executed supplemental indenture referred to in Section 2.01 or 3.01 by or pursuant to which the form or forms and the terms of the Securities of such series and the Coupons, if any, appertaining thereto were established;

(c) an 0fficers' Certificate either setting forth the form or forms and the terms of the Securities of such series and the Coupons, if any, appertaining thereto or stating that such form or forms and terms have been established pursuant to Section 2.01 or 3.0I and comply with this Indenture, and covering such other matters as the Trustee may reasonably request, including, without limitation, evidence of compliance pursuant to Section 1.02 and that no Events of Default with respect to any of the Securities shall have occurred and be continuing; and

(d) an Opinion of Counsel, substantially to the effect that:

(i) the form or forms of the Securities of such series and the Coupons, if any, appertaining thereto have been duly authorized and established in conformity with the provisions of this Indenture;

(ii) in tile case of an underwritten offering, the terms of tile Securities of such series have been duly authorized and established in conformity with the provisions of this Indenture; and in the case of an offering which is not underwritten, certain terms of the Securities of such series have been authorized and established pursuant to a Directors' Resolution, an Officers' Certificate or a supplemental indenture in accordance with the provisions of this Indenture, and when such other terms as are to be established pursuant to a Corporation Order or procedures set forth in a Corporation Order shall have been established, all of the terms of the Securities of such series will have been duly authorized and established in conformity with the provisions of this Indenture;

(iii) when the Securities of such series and the Coupons, if any, appertaining thereto shall have been executed by the Corporation and authenticated by the Trustee in accordance with tile provisions of this Indenture and delivered to and duly paid for by the purchasers thereof, such Securities will have been duly issued under this Indenture and will be valid and legally binding obligations of the Corporation enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights generally and to general principles of equity (regardless of whether considered in a proceeding in equity or at law), and will be entitled to the benefits of this Indenture;

(iv) the issuance of such Securities and any Coupons will not contravene the articles of incorporation or by-laws of the Corporation or result in any violation of any of the terms or provisions of any law or regulation or of any indenture, mortgage or other agreement known to such Counsel by which the Corporation is bound; and

(v) no consent, approval, authorization, order, registration or qualification of or with any governmental agency or body having jurisdiction over the Corporation is required for the execution and delivery of the Securities of such series by the Corporation except such as have been obtained, but no opinion need be expressed as to provincial or state securities or Blue Sky laws.

The Trustee shall have the right to decline to authenticate and deliver any Securities of any series under this Section if the Trustee, being advised by Counsel, shall determine that such action may not lawfully be taken or if the Trustee shall in good faith, by any one of its Responsible Officers, determine that such action would expose the Trustee to personal liability to the Holders of the Securities then Outstanding or would affect the Trustee's rights, duties or immunities under the Securities of such series or this Indenture in a manner which is not reasonably acceptable to the Trustee.

If the Corporation shall establish pursuant to Section 3.01 that the Securities of any series are to be issued in the form of one or more Registered Global Securities, then the Corporation shall execute and the Trustee shall, in accordance with this Section and the Corporation Order with respect to such series, authenticate and deliver one or more Registered Global Securities that (i) shall be in an aggregate principal amount equal to the aggregate principal amount specified in such Corporation Order, (ii) shall be registered in the name of the Depository therefor or its nominee, (iii) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instructions and (iv) shall bear a legend substantially to the following effect:

> "Unless and until it is exchanged in whole or in part for Securities in definitive registered form, this Security may not be transferred except as a whole by the Depository to the nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository."

Each Depository designated pursuant to Section 3.01 must, at the time of its designation and at all times while it serves as Depository, be a clearing agency registered under the U.S. Securities Exchange Act of 1934, as amended, and any other applicable statute or regulation.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there shall appear on such Security a certificate of authentication substantially in the form and executed as hereinabove provided, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that

such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. No Coupon shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose until the certificate of authentication on the Security to which such Coupon appertains shall have been duly executed as hereinabove provided. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Corporation, and the Corporation shall deliver such Security and any Coupons appertaining thereto to the Trustee for cancellation as provided in Section 3.09, for all purposes of this Indentu re such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

Section 3.03 Denomination and Date of Securities

The Securities of each series shall be issuable as Registered Securities or Unregistered Securities in denominations established as provided in Section 3.01 or, with respect to the Registered Securities or the Unregistered Securities of any series if not so established, in denominations of $1,000 and any integral multiple thereof. The Securities of each series shall be numbered, lettered or otherwise distinguished in such manner or in accordance with such plan as the Officers executing the same may determine with the approval of the Trustee, as evidenced by the execution and authentication thereof.

Each Security shall be dated the date of its authentication. The Securities of each series shall bear interest, if any, from the date, and such interest shall be payable on the dates, established in or pursuant to Section 3.01.

Section 3.04 Temporary Securities

Pending the preparation of definitive Securities of any series, the Corporation may execute, and upon Corporation Order the Trustee shall authenticate and deliver, temporary Securities for such series which are printed, lithographed, typewritten or otherwise produced. Temporary Securities of any series shall be issuable as Registered Securities, or as Unregistered Securities with or without Coupons attached thereto, in any authorized denomination and substantially in the forms of the definitive Securities of such series, but with such omissions, insertions and variations as may be appropriate for temporary Securities, all as may be determined by the .Corporation with the concurrence of the Trustee, as evidenced by the execution and authentication thereof. Temporary Securities may contain such references to any provisions of this Indenture as may be appropriate. Every temporary Security of any series shall be executed by the Corporation and authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Securities of such series. Without unreasonable delay, the Corporation shall execute and deliver to the Trustee for authentication definitive Securities of such series; and thereupon temporary Registered Securities of such series may be surrendered in exchange for definitive Registered Securities of such series without charge at each office or agency to be maintained for such purpose in a Place of Payment of that series, and temporary Unregistered Securities of such series may be surrendered in exchange for definitive Unregistered Securities of such series, having attached thereto appropriate Coupons, if any, without charge at any

office or agency to be maintained in a Place of Payment of that series. The Trustee shall authenticate and deliver in exchange for temporary Securities of such series so surrendered an equal aggregate principal amount of definitive Securities of such series in authorized denominations. Until so exchanged, the temporary Securities of any series shall be entitled to the same benefits under this Indenture as definitive Securities of such series, unless otherwise established pursuant to Section 3.01. The provisions of this Section are subject to any restrictions or limitations on the issue and delivery of temporary Unregistered Securities of any series that may be established pursuant to Section 3.01 (including any provision that Unregistered Securities of such series initially be issued in the form of a single global Unregistered Security to be delivered to a Depository or agency located outside the United States of America and the procedures pursuant to which definitive Unregistered Securities of such series would be issued in exchange for such temporary global Unregistered Security).

Section 3.05 Registration, Transfer and Exchange

The Corporation shall keep, or cause to be kept, at the Corporate Trust Office, or at any office or agency to be maintained by the Corporation in a Place of Payment, for each series of Securities issuable as Registered Securities a register (the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration of Registered Securities of such series and the registration of transfer of Registered Securities of such series. The Security Register shall be in written form in the English language or in any other form capable of being converted into such form within a reasonable time. At all reasonable times, any Security Register not maintained by the Trustee shall be open for inspection by the Trustee. Unless and until otherwise determined by the Corporation pursuant to Section 3.01, the Security Register with respect to each series of Securities issuable as Registered Securities shall be kept at the Corporate Trust Office and, for this purpose, the Trustee shall be designated the "Security Registrar". The holder of any Registered Security shall be entitled to inspect the Security Register at any time during normal business hours of the Trustee at the Corporate Trust Office and to make extracts therefrom.

Upon surrender for registration of transfer of any Registered Security of any series at any office or agency to be maintained for such purpose in a Place of Payment for that series, the Corporation shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees one or more new Registered Securities of the same series of like tenor and terms in authorized denominations for a like aggregate principal amount.

Unregistered Securities (except for any temporary global Uuregistered Securities) and Coupons (except for Coupons attached to any temporary global Unregistered Securities) shall be transferable by delivery.

At the option of the Holder thereof, Registered Securities of any series (other than a Registered Global Security, except as set forth below) may be exchanged for one or more Registered Securities of such series of like tenor and terms in authorized denominations for a like aggregate principal amount, upon surrender of any such

Registered Security to be exchanged at the office or agency to be maintained for such purpose in a Place of Payment for that series and upon payment, if the Corporation shall so require, of the charges hereinafter provided. At the option of the Holder thereof, if the Securities of any series are issued in both registered and unregistered form, except as otherwise established for a particular series pursuant to Section 3.01, one or more Unregistered Securities of such series may be exchanged for Registered Securities of such series of like tenor and terms in authorized denominations for a like aggregate principal amount, upon surrender of any such Unregistered Security to be exchanged at the office or agency to be maintained for such purpose in a Place of Payment for that series, with, in the case of Unregistered Securities having Coupons attached, all unmatured Coupons and all matured Coupons in default thereto appertaining, and upon payment, if the Corporation shall so require, of the charges hereinafter provided. At the option of the Holder thereof, if Unregistered Securities of any series are issued in more than one authorized denomination, except as otherwise established for a particular series pursuant to Section 3.01, any such Unregistered Security may be exchanged for one or more Unregistered Securities of such series of like tenor and terms in authorized denominations for a like aggregate principal amount, upon surrender of any such Unregistered Securities at the office or agency to be maintained for such purpose in a Place of Payment for that series with, in the case of Unregistered Securities having Coupons attached, all unmatured Coupons and all matured Coupons in default thereto appertaining, and upon payment, if the Corporation shall so require, of the charges hereinafter provided. Unless otherwise established for a particular series pursuant to Section 3.01, Registered Securities of any series may not be exchanged for Unregistered Securities of such series. Whenever Securities of any series are so surrendered for exchange, the Corporation shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive. All Securities and Coupons surrendered upon any exchange or transfer provided for in this Indenture shall be promptly cancelled and disposed of by the Trustee, and the Trustee shall deliver a certificate of disposition thereof to the Corporation.

All Registered Securities of any series presented for registration of transfer, exchange, redemption or payment shall (if so required by the Corporation or the Trustee) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Corporation and the Trustee duly executed by, the Holder or other appropriate person.

The Corporation may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of Securities; but unless otherwise provided in the Securities to be exchanged or transferred, no service charge shall be made for any such transaction.

The Corporation shall not be required to (i) issue, exchange or register the transfer of Securities of any series during a period of 15 Business Days next preceding the first mailing or publication of notice of redemption of the Securities of such series to be redeemed, (ii) exchange or register the transfer of any Securities selected for redemption, in whole or in part, except the unredeemed portion of any Security to be redeemed in part

or (iii) exchange or register the transfer of any Security if the Holder thereof has exercised any right to require the Corporation to purchase such Security, in whole or in part, except any portion thereof not required to be so purchased.

Notwithstanding any other provision of this Section, unless and until it is exchanged in whole or in part for Securities in definitive registered form, a Registered Global Security representing all or a portion of the Securities of any series may not be transferred except as a whole by the Depository for such Registered Global Security to a nominee of such Depository or by a nominee of such Depository to such Depository or nominee of such Depository or by such Depository or any such nominee to a successor Depository for such Registered Global Security or a nominee of such successor Depository.

If at any time a Depository for any Registered Securities of a series represented by one or more Registered Global Securities shall notify the Corporation that it is unwilling or unable to continue as Depository for such Registered Securities or if at any time any such Depository shall no longer be eligible to continue as Depository, the Corporation shall appoint a successor Depository with respect to the Registered Securities held by such Depository. If a successor Depository shall not be appointed by the Corporation within 90 days after the Corporation receives such notice or becomes aware of such ineligibility, the Corporation shall execute, and the Trustee upon receipt of a Corporation Order shall authenticate and deliver, in exchange for such Registered Global Securities, Registered Securities of such series in defmitive form in authorized denominations for an aggregate principal amount equal to the aggregate principal amount of the Registered Global Securities held by such Depository.

If an Event of Default described in clause (a) or (b) of Section 5.01 shall occur and be continuing with respect to any series of the Securities, the Corporation shall execute and deliver to the Trustee, together with a Corporation Order, and the Trustee shall, upon receipt thereof, authenticate and deliver, in exchange for Registered Global Securities evidencing the Securities of such series, Registered Securities of such series in definitive form in authorized denominations for an aggregate principal amount equal to the aggregate principal amount of such Registered Global Securities.

The Corporation may at any time, in its sole discretion, determine that the Registered Securities of a particular series shall no longer be represented by Registered Global Securities. In such event, the Corporation shall execute, and the Trustee upon receipt of a Corporation Order shall authenticate and deliver, in exchange for such Registered Global Securities, Registered Securities of such series in definitive form in authorized denominations for an aggregate principal amount equal to the aggregate· principal amount of such Registered Global Securities.

If so established by the Corporation pursuant to Section 3.01 with respect to the Securities of a particular series represented by a Registered Global Security, the Depository for such Registered Global Security may surrender such Registered Global Security in exchange, in whole or in part, for Registered Securities of such series in definitive form upon such terms as are acceptable to the Corporation and such

Depository. Thereupon, the Corporation shall execute, and the Trustee upon receipt of a Corporation Order shall authenticate and deliver:

(a) to each Person specified by such Depository, one or more new Registered Securities of such series in authorized denominations requested by such Person for an aggregate principal amount equal to, and in exchange for, such Person's beneficial interest in such Registered Global Security; and

(b) to such Depository, a new Registered Global Security in a denomination equal to the difference between the principal amount of the surrendered Registered Global Security and the aggregate principal amount of the Registered Securities authenticated and delivered pursuant to clause (a) above.

Upon the surrender for exchange of any Registered Global Security for Registered Securities in definitive form, such Registered Global Security shall be promptly cancelled and disposed of by the Trustee, and the Trustee shall deliver a certificate of disposition to the Corporation. Registered Securities in definitive form issued in exchange for a Registered Global Security pursuant to this Section shall be registered in such names and in such authorized denominations as the Depository for such Registered Global Security, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee or an agent of the Corporation or the Trustee. The Trustee or such agent shall deliver such Registered Securities to or as directed by the Persons in whose names such Registered Securities are so registered.

All Securities issued upon any registration of transfer or exchange of Securities shall be valid obligations of the Corporation, evidencing the same indebtedness, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Notwithstanding anything herein or in the terms of the Securities of any series to the contrary, none of the Corporation, the Trustee or any agent of the Corporation or the Trustee (any of which, other than the Corporation, shall rely on an Officers' Certificate and an Opinion of Counsel) shall be required to exchange any Unregistered Security of any series for a Registered Security of such series if such exchange would result in adverse income tax consequences to the Corporation (such as, for example, the inability of the Corporation to deduct from its income the interest payable on the Unregistered Securities) under then applicable income tax laws.

Section 3.06 **Mutilated, Defaced, Destroyed, Lost or Stolen Securities**

In case any temporary or definitive Security or any Coupon appertaining thereto shall become mutilated or defaced or be destroyed, lost or stolen, the Corporation shall execute, and the Trustee upon receipt of a Corporation Order shall authenticate and deliver, a new Security of the same series of like tenor and terms, bearing a number or other distinguishing symbol not contemporaneously outstanding, in lieu of and substitution for the mutilated, defaced, destroyed, lost or stolen Security, with Coupons corresponding to any Coupons appertaining to the Security so mutilated, defaced,

destroyed, lost or stolen, or in lieu of or substitution for the Security to which such mutilated, defaced, destroyed, lost or stolen Coupon appertained, with Coupons corresponding to the Coupons so mutilated, defaced, destroyed, lost or stolen. In each case, the applicant for a substitute Security or Coupon shall furnish to the Corporation and to the Trustee and any agent of the Corporation or the Trustee such security or indemnity as may be required by them to save each of them harmless and, in each case of destruction, loss or theft, evidence to their satisfaction of the destruction, loss or theft of such Security or Coupon and of the ownership thereof and, in each case of mutilation or defacement, shall surrender the Security and related Coupons to the Trustee or such agent.

Upon the issuance of any substitute Security or Coupon under this Section, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee or its agent) connected therewith. In case any Security or Coupon which has matured or is about to mature or has been called for redemption in full shall become mutilated or defaced or be destroyed, lost or stolen, the Corporation may, instead of issuing a substitute Security, pay or authorize the payment of the same or the relevant Coupon (without surrender thereof except in the case of a mutilated or defaced Security or Coupon), if the applicant for such payment shall furnish to the Corporation and to the Trustee and any agent of the Corporation or the Trustee such security or indemnity as may be required by them to save each of them harmless, and, in each case of destruction, loss or theft, evidence to their satisfaction of the destruction, loss or theft of such Security or Coupon and of the ownership thereof.

Every substitute Security or Coupon of any series issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Security or Coupon shall constitute an additional contractual obligation of the Corporation, whether or not the mutilated, destroyed, lost or stolen Security or Coupon shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities or Coupons of such series duly authenticated and delivered hereunder. All Securities and Coupons shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, defaced, destroyed, lost or stolen Securities and Coupons and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 3.07 Payment; Interest Rights Preserved

(a) Except as otherwise provided in accordance with Section 3.01 or 3.07(b) for the Registered Securities of a particular series, payments of the principal of (and premium, if any) and interest on any Registered Security (other than a Registered Global Security) will be made at the Corporate Trust Office except that, at the option of the Corporation, may be paid (i) by mailing checks for such interest payable to or upon the

written order of such Holders at their last addresses as they appear on the Security Register, or (ii) by wire transfer to an account maintained by the Person entitled thereto as specified in the Security Register.

(b) Except as otherwise provided as contemplated by Section 3.01, interest on any Registered Security (other than a Registered Global Security) or on any Unregistered Security registered as to interest shall be paid to the Person in whose name such Security or whose entitlement to interest is registered at the close of business on the Regular Record Date for such interest.

(c) Interest on any Securities with Coupons attached (together with any additional related amounts payable pursuant to the terms of such Securities) shall be payable only upon presentation and surrender of the several Coupons for such interest installments as are evidenced thereby as they severally mature.

(d) If any temporary Unregistered Security provides that interest thereon may be paid while in temporary form, the interest on any such temporary Unregistered Security (together with any additional related amounts payable pursuant to the terms of such Security) shall be paid, as to the installments of interest evidenced by Coupons attached thereto, if any, only upon presentation and surrender thereof, and, as to the other installments of interest, if any, only upon presentation of such temporary Unregistered Security for notation thereon of the payment of such interest, in each case subject to any restrictions that may be established pursuant to Section 3.01.

(e) Any interest on any Registered Security which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date ("Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Corporation, at its election in each case, as provided in paragraph (i) or (ii) below:

(i) The Corporation may elect to make payment of any Defaulted Interest on Registered Securities and on Unregistered Securities registered as to interest to the Persons in whose names the Registered Securities or whose entitlements to interest are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Corporation shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each such Security and the date of the proposed payment, and at the same time the Corporation shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this paragraph provided. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by

the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Corporation of such Special Record Date and, in the name and at the expense of the Corporation, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of the Registered Securities or each Person so entitled to interest at his or her address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be Paid to the Persons in whose names the Registered Securities or whose entitlements to interest are registered at the close of business on such Special Record Date.

(ii) The Corporation may make payment of any Defaulted Interest on the Registered Securities of any series in any other lawful manner not inconsistent with the requirements of an securities exchange on which such Registered Securities may be listed, and upon such notice as may be required by such exchange, after notice given by the Corporation to the Trustee of the proposed payment pursuant to this paragraph.

Section 3.08 Persons Deemed Owners

The Corporation, the Trustee and any agent of the Corporation or the Trustee may treat the Person in whose name each Registered Security is registered in the Security Register as the owner of such Registered Security for the purpose of receiving payment of or on account of the principal of (and premium, if any) and (subject to Section 3.07) interest, if any, on such Registered Security and for all other purposes whatsoever (other than the payment of Additional Amounts), whether or not such payment in respect of such Registered Security shall be overdue, and none of the Corporation, the Trustee and any agent of the Corporation or the Trustee shall be affected by any notice to the contrary. The Corporation, the Trustee and any agent of the Corporation or the Trustee may treat the Holder of any Unregistered Security and the Holder of any Coupon as the owner of such Unregistered Security or Coupon for the purpose of receiving payment thereof or on account thereof and for all other purposes whatsoever, whether or not such payment in respect of such Unregistered Security or Coupon shall be overdue and none of the Corporation, the Trustee and any agent of the Corporation or the Trustee shall be affected by any notice to the contrary. All such payments so made to any such Person or Holder, or upon the order of any such Person or Holder, shall be valid and, to the extent of the amounts so paid, effectual to satisfy and discharge the indebtedness on any such Security or Coupon.

Section 3.09 Cancellation

All Securities and Coupons surrendered for payment, redemption, repayment at the option of the Holder, registration of transfer or exchange, or for credit against any payment in respect of any sinking or analogous fund, if surrendered to the Corporation or any agent of the Corporation or any agent of the Trustee, shall be delivered to the Trustee

for cancellation or if surrendered to the Trustee, shall be cancelled by it; and no Securities or Coupons shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee shall dispose of cancelled Securities and Coupons in accordance with its customary procedures. If the Corporation or its agent shall acquire any of the Securities or Coupons, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities or Coupons unless and until the same are delivered to the Trustee for cancellation. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be disposed of by the Trustee in accordance with its customary procedures and certification of their disposal delivered to the Corporation unless by Corporation Order the Corporation shall direct that cancelled Securities be returned to it.

Section 3.10 Computation of Interest

Except as otherwise established pursuant to Section 3.01 for the Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 3.11 Currency and Manner of Payments in Respect of Securities.

(a) With respect to Registered Securities of any series not permiting the election provided for in paragraph (b) below or the Holders of which have not made the election provided for in paragraph (b) below, and with respect to Unregistered Securities of any series, except as provided in paragraph (d) below, payment of the principal of (and premium, if any) and interest, if any, on any Registered or Unregistered Security of such series will be made in the Currency in which such Registered Security or Unregistered Security, as the case may be, is payable. The provisions of this Section 3.11 may be modified or superseded with respect to any Securities pursuant to Section 3.01.

(b) It may be provided pursuant to Section 3.01 with respect to Registered Securities of any series that Holders shall have the option, subject to paragraphs (d) and (e) below, to receive payments of principal of (or premium, if any) or interest, if any, on such Registered Securities in any of the Currencies which may be designated for such election by delivering to the Trustee a written election with signature guarantees and in the applicable form established pursuant to Section 3.01, not later than the close of business on the Election Date immediately preceding the applicable payment date. If a Holder so elects to receive such payments in any such Currency, such election will remain in effect for such Holder or any transferee of such Holder until changed by such Holder or such transferee by written notice to the Trustee (but any such change must be made not later than the close of business on the Election Date immediately preceding the next payment date to be effective for the payment to be made on such payment date and no such change of election may be made with respect to payments to be made on any Registered Security of such series with respect to which an Event of Default has occurred or with respect to which the Corporation has deposited funds pursuant to Article Four or Twelve or with respect to which a notice of redemption has been given by the Corporation or a notice of option to elect repayment has been sent by such Holder or such

transferee). Any Holder of any such Registered Security who shall not have delivered any such election to the Trustee not later than the close of business on the applicable Election Date will be paid the amount due on the applicable payment date in the relevant Currency as provided in Section 3.1 l(a). The Trustee shall notify the Exchange Rate Agent as soon as practicable after the Election Date of the aggregate principal amount of Registered Securities for which Holders have made such written election.

(c) Unless otherwise specified pursuant to Section 3.01, if the election referred to in paragraph (b) above has been provided for pursuant to Section 3.01, then, unless otherwise specified pursuant to Section 3.01, not later than the fourth Business Day after the Election Date for each payment date for Registered Securities of any series, the Exchange Rate Agent will deliver to the Corporation a written notice specifying, in the Currency in which Registered Securities of such series are payable, the respective aggregate amounts of principal of (and premium, if any) and interest, if any, on the Registered Securities to be paid on such payment date, specifying the amounts in such Currency so payable in respect of the Registered Securities as to which the Holders of Registered Securities of such series shall have elected to be paid in another Currency as provided in paragraph (b) above. If the election referred to in paragraph (b) above has been provided for pursuant to Section 3.01 and if at least one Holder has made such election, then, unless otherwise specified pursuant to Section 3.01, on the second Business Day preceding such payment date the Corporation will deliver to the Trustee for such series of Registered Securities an Exchange Rate Officer's Certificate in respect of the Dollar or Foreign Currency payments to be made on such payment date. Unless otherwise specified pursuant to Section 3.01, the Dollar or Foreign Currency amount receivable by Holders of Registered Securities who have elected payment in a Currency as provided in paragraph (b) above shall be determined by the Corporation on the basis of the applicable Market Exchange Rate in effect on the third Business Day (the "Valuation Date") immediately preceding each payment date, and such determination shall be conclusive and binding for all purposes, absent manifest error.

(d) If a Conversion Event occurs with respect to a Foreign Currency in which any of the Securities are denominated or payable other than pursuant to an election provided for pursuant to paragraph (b) above, then with respect to each date for the payment of principal of (and premium, if any) and interest, if any, on the applicable Securities denominated or payable in such Foreign Currency occurring after the last date on which such Foreign Currency was used (the "Conversion Date"), the Dollar shall be the Currency of payment for use on each such payment date. Unless otherwise specified pursuant to Section 3.01, the Dollar amount to be paid by the Corporation to the Trustee and by the Trustee or any Paying Agent to the Holders of such Securities with respect to such payment date shall be, in the case of a Foreign Currency other than a currency unit, the Dollar Equivalent of the Foreign Currency or, in the case of a currency unit, the Dollar Equivalent of the Currency Unit, in each case as determined by the Exchange Rate Agent in the manner provided in paragraph (f) or (g) below.

(e) Unless otherwise specified pursuant to Section 3.01, if the Holder of a Registered Security denominated in any Currency shall have elected to be paid in another

Currency as provided in paragraph (b) above, and a Conversion Event occurs with respect to such elected Currency, such Holder shall receive payment in the Currency in which payment would have been made in the absence of such election; and if a Conversion Event occurs with respect to the Currency in which payment would have been made in the absence of such election, such Holder shall receive payment in Dollars as provided in paragraph (d) above.

(f) The **"Dollar Equivalent of the Foreign Currency"** shall be determined by the Exchange Rate Agent and shall be obtained for each subsequent payment date by converting the specified Foreign Currency into Dollars at the Market Exchange Rate on the Conversion Date.

(g) The **"Dollar Equivalent of the Currency Unit"** shall be determined by the Exchange Rate Agent and subject to the provisions of paragraph (h) below shall be the sum of each amount obtained by converting the Specified Amount of each Component Currency into Dollars at the Market Exchange Rate for such Component Currency on the Valuation Date with respect to each payment.

(h) For purposes of this Section 3.11 the following terms shall have the following meanings:

A **"Component Currency"** shall mean any Currency which, on the Conversion Date, was a component currency of the relevant currency unit, including, but not limited to, the Euro.

A **"Specified Amount"** of a Component Currency shall mean the number of units of such Component Currency or fractions thereof which were represented in the relevant currency unit, including, but not limited to, the Euro, on the Conversion Date. If after the Conversion Date the official unit of any Component Currency is altered by way of combination or subdivision, the Specified Amount of such Component Currency shall be divided or multiplied in the same proportion. If after the Conversion Date two or more Component Currencies are consolidated into a single currency, the respective Specified Amounts of such Component Currencies shall be replaced by an amount in such single Currency equal to the sum of the respective Specified Amounts of such consolidated Component Currencies expressed in such single Currency, and such amount shall thereafter be a Specified Amount and such single Currency shall thereafter be a Component Currency. If after the Conversion Date any Component Currency shall be divided into two or more currencies, the Specified Amount of such Component Currency shall be replaced by amounts of such two or more currencies, having an aggregate Dollar Equivalent value at the Market Exchange Rate on the date of such replacement equal to the Dollar Equivalent value of the Specified Amount of such former Component Currency at the Market Exchange Rate immediately before such division and such amounts shall thereafter be Specified Amounts and such currencies shall thereafter be Component Currencies. If, after the Conversion Date of the relevant currency unit, including, but not limited to, the Euro, a Conversion Event (other than any event referred to above in

this definition of "Specified Amount") occurs with respect to any Component Currency of such currency unit and is continuing on the applicable Valuation Date, the Specified Amount of such Component Currency shall, for purposes of calculating the Dollar Equivalent of the Currency Unit, be converted into Dollars at the Market Exchange Rate in effect on the Conversion Date of such Component Currency.

"Election Date" shall mean the date for any series of Registered Securities as specified pursuant to clause (12) of Section 3.01 by which the written election referred to in paragraph (b) above may be made.

All decisions and determinations of the Exchange Rate Agent regarding the Dollar Equivalent of the Foreign Currency, the Dollar Equivalent of the Currency Unit, the Market Exchange Rate and changes in the Specified Amounts as specified above shall be in its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and irrevocably binding upon the Corporation, the Trustee and all Holders of such Securities denominated or payable in the relevant Currency. The Exchange Rate Agent shall promptly give written notice to the Corporation and the Trustee of any such decision or determination.

In the event that the Corporation determines in good faith that a Conversion Event has occurred with respect to a Foreign Currency, the Corporation will immediately give written notice thereof to the Trustee and to the Exchange Rate Agent (and the Trustee will promptly thereafter give notice in the manner provided for in Section 1.07 to the affected Holders) specifying the Conversion Date. In the event the Corporation so determines that a Conversion Event has occurred with respect to the Euro or any other currency unit in which Securities are denominated or payable, the Corporation will immediately give written notice thereof to the Trustee and to the Exchange Rate Agent (and the Trustee will promptly thereafter give notice in the manner provided for in Section 1.07 to the affected Holders) specifying the Conversion Date and the Specified Amount of each Component Currency on the Conversion Date. In the event the Corporation determines in good faith that any subsequent change in any Component Currency as set forth in the definition of Specified Amount above has occurred, the Corporation will similarly give written notice to the Trustee and the Exchange Rate Agent.

The Trustee shall be fully justified and protected in relying and acting upon information received by it from the Corporation and the Exchange Rate Agent and shall not otherwise have any duty or obligation to determine the accuracy or validity of such information independent of the Corporation or the Exchange Rate Agent.

Section 3.12 Appointment and Resignation of Successor Exchange Rate Agent.

(a) Unless otherwise specified pursuant to Section 3.01, if and so long as the Securities of any series (i) are denominated in a Currency other than Dollars or (ii) may be payable in a Currency other than Dollars, or so long as it is required under any other provision of this Indenture, then the Corporation will maintain with respect to each such

series of Securities, or as so required, at least one Exchange Rate Agent. The Corporation will cause the Exchange Rate Agent to make the necessary foreign exchange determinations at the time and in the manner specified pursuant to Section 3.01 for the purpose of determining the applicable rate of exchange and, if applicable, for the purpose of converting the issued Currency into the applicable payment Currency for the payment of principal (and premium, if any) and interest, if any, pursuant to Section 3.11.

(b) No resignation of the Exchange Rate Agent and no appointment of a successor Exchange Rate Agent pursuant to this Section shall become effective until the acceptance of appointment by the successor Exchange Rate Agent as evidenced by a written instrument delivered to the Corporation and the Trustee.

(c) If the Exchange Rate Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Exchange Rate Agent for any cause with respect to the Securities of one or more series, the Corporation, by or pursuant to a Directors' Resolution, shall promptly appoint a successor Exchange Rate Agent or Exchange Rate Agents with respect to the Securities of that or those series (it being understood that any .such successor Exchange Rate Agent may be appointed with respect to the Securities of one or more or all of such series and that, unless otherwise specified pursuant to Section 3.01, at any time there shall only be one Exchange Rate Agent with respect to the Securities of any particular series that are originally issued by the Corporation on the same date and that are initially denominated and/or payable in the same Currency).

ARTICLE FOUR
SATISFACTION AND DISCHARGE

Section 4.01 Satisfaction and Discharge of lndenture

This Indenture shall cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for) and the Trustee, upon Corporation Request and at the expense of the Corporation, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when:

(1) either

(i) all Securities and Coupons theretofore authenticated and delivered (other than (A) Securities and Coupons which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 3.06 and (B) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Corporation and thereafter repaid to the Corporation or discharged from such trust, as provided in Section 9.05) have been delivered to the Trustee for cancellation; or

(ii) all such Securities and Coupons not theretofore delivered to the Trustee for cancellation

(A) have become due and payable, or

(B) will become due and payable at their Stated Maturity within one year, or

(C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Corporation,

and the Corporation, in the case of clause (A), (B) or (C) of this clause (!)(ii), has, in accordance with the conditions set forth in Section 12.04(1), made or caused to be made deposits in trust for the purpose in an amount which shall be sufficient to pay and discharge the entire indebtedness on such Securities and Coupons not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest to the date of such deposit (in the case of Securities and Coupons which have become due and payable) or to the Stated Maturity or Redemption Date, as the case maybe;

(2) the Corporation has paid or caused to be paid all other sums payable hereunder by the Corporation; and

(3) the Corporation has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Corporation to the Trustee under Sections 6.03(vii) and 6.03(viii), the obligations of the Corporation to any Authenticating Agent under Section 6.13 and, if deposits shall have been made pursuant to clause (!)(ii) of the first paragraph of this Section, the obligations of the Trustee under Sections 4.02 and 12.05 and the last paragraph of Section 9.05 shall survive.

Section 4.02 Application of Trust Money

Subject to the provisions of the last paragraph of Section 9.05, all money deposited with the Trustee shall be held in trust and applied by it, in accordance with the provisions of the Securities, the Coupons and this Indenture, to the payment, either directly or through any Paying Agent (including the Corporation acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee.

ARTICLE FIVE
REMEDIES

Section 5.01 Event of Default

"Event of Default", wherever used herein with respect to the Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default by the Corporation in the payment of all or any part of the principal of any of the Securities of such series when the same becomes due under any provision hereof or of such Securities;

(2) default by the Corporation in the payment of any interest upon any of the Securities of such series when and as the same shall become due and payable, and continuance of such .default for a period of 30 days;

(3) default by the Corporation in the observance or performance of any of the covenants contained in Article Seven hereof;

(4) default by the Corporation in the observance or performance of any other covenant or condition contained in the Securities of such series or in this Indenture to be observed or performed on the part of the Corporation and continuance of such default for a period of 60 days after notice in writing has been given by the Trustee to the Corporation specifying such default and requiring the Corporation to put an end to the same, which notice the Trustee may give on its own initiative and shall give when requested to do so by the Holders of not less than 25% in aggregate principal amount of the Securities of all series then Outstanding affected thereby;

(5) default by the Corporation or any Subsidiary in the payment of the principal of, premium, if any, or interest on any indebtedness for borrowed money having an outstanding principal amount in excess of the greater of $75 million and 2% of the Shareholders' Equity of the Corporation in the aggregate at the time of default or default in the performance of any other covenant of the Corporation or any Subsidiary contained in any instrument under which such indebtedness is created or issued and the holders thereof, or a trustee, if a ny, for such holders, declare such indebtedness to be due and payable prior to the stated maturities of such indebtedness ("accelerated indebtedness"), and such acceleration shall not be rescinded or annulled, or such default under such instrument shall not be remedied or cured, whether by payment or otherwise, or waived by the holders of such indebtedness, provided that if such accelerated indebtedness is the result of an event of default which is not related to the failure to pay principal or interest on the terms, at the times and on the conditions set forth in such instrument, it will not be considered an Event of Default under this Section 5.01(5) until 30 days after such acceleration;

(6) the making of an order or the passing of an effective resolution for (i) the winding-up, liquidation or dissolution of the Corporation, except in the course of carrying out, or pursuant to, a transaction in respect of which the provisions of Article Seven hereof are applicable and the conditions thereof are duly observed and performed, or (ii) the winding-up, liquidation or dissolution of any Significant Subsidiary, except a voluntary winding-up, liquidation or dissolution of a Significant Subsidiary which is not undertaken in connection with bankruptcy or insolvency or analogous proceedings, if the Corporation or such Significant Subsidiary, as the case may be, fails to file an appeal therefrom within the applicable appeal period or, if the Corporation or such Significant Subsidiary does file an appeal therefrom within such period, such order is not within a period of 60 days from the date thereof, and does not remain, vacated, discharged or stayed;

(7) the entry of a decree or order by a court having jurisdiction in the premises adjudging the Corporation a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Corporation under or subject to the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada) or any other bankruptcy, insolvency or analogous laws, or the issuance of a sequestration order or the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Corporation or in receipt of any substantial part of the property of the Corporation, and any such decree, order or appointment continues unstayed and in effect for a period of 90 consecutive days; or the making by the Corporation or any Significant Subsidiary of a general assignment for the benefit of its creditors or other acknowledgment by the Corporation or any Significant Subsidiary of its insolvency, or the making of a bankruptcy receiving order against the Corporation or any Significant Subsidiary if the Corporation or any Significant Subsidiary fails to file an appeal therefrom within the applicable appeal period or, if the Corporation or any such Significant Subsidiary does file an appeal therefrom within such period, such order is not within a period of 60 days from the date thereof, and does not remain, vacated, discharged or stayed, or the making by the Corporation or any Significant Subsidiary of an authorized assignment or a proposal to its creditors, or the seeking of relief, under any bankruptcy or insolvency or analogous law (including, without limitation, the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors Arrangement Act* (Canada) or the *Winding-up and Restructuring Act* (Canada)), or the consenting to, or acquiescence by the Corporation or any Significant Subsidiary in, the appointment of a trustee, custodian, receiver or receiver and manager or any other officer with similar powers of the Corporation or any such Significant Subsidiary or of all of the assets of the Corporation or any such Significant Subsidiary or any part thereof the loss of which could reasonably be expected to materially and adversely affect the ability of the Corporation to perform its obligations under this Indenture;

(8) the taking or entering against the Corporation or any Subsidiary of a judgment or decree for the payment of money in excess of the greater of $75 million and 2% of the Shareholders' Equity of the Corporation in the aggregate, if the Corporation or such Subsidiary, as applicable, fails to file an appeal therefrom within the applicable

appeal period or, if the Corporation or such Subsidiary, as applicable, does file an appeal therefrom within such period, such judgment or decree is not within a period of 60 days from the date thereof, and does not remain vacated, discharged or stayed; or

(9) any other Event of Default provided in or pursuant to the supplemental indenture, Directors' Resolution or Officers' Certificate establishing the terms of such series of Securities as provided in Section 3.01 or in the form or forms of Security for such series.

Section 5.02 Acceleration of Maturity

If an Event of Default described in clause (!) or (2) of Section 5.01 shall have occurred and be continuing with respect to the Securities of any series, then, and in each and every such case, unless the principal of all of the Securities of such series shall have already become due and payable, the Trustee may in its discretion and shall upon request in writing made by the Holders of not less than 25% in aggregate principal amount of the Securities of such series then Outstanding, by notice in writing to the Corporation, declare the entire principal (or, if any of the Securities of that series are Original Issue Discount Securities, the specified portion of the principal) of (and premium, if any, on) all the Securities of such series then Outstanding and the interest accrued thereon and all other money owing under the provisions of the Indenture in respect of such Securities to be due and payable to the Trustee on demand and upon any such demand the same shall forthwith become immediately due and payable to the Trustee. If an Event of Default described in clause (4) or (9) of Section 5.01 shall have occurred and be continuing with respect to the Securities of one or more series, then, and in each and every such case, unless the principal of all of the Securities of such affected series shall have already become due and payable, the Trustee may in its discretion and shall upon request in writing made by the Holders of not less than 25% in aggregate principal amount of the Securities of all such affected series then Outstanding (voting as one class), by notice in writing to the Corporation, declare the entire principal (or, if any of the Securities of that series are Original Issue Discount Securities, the specified portion of the principal) of (and premium, if any, on) all the Securities of all such affected series then Outstanding and the interest accrued thereon and all other money owing under the provisions of the Indenture in respect of such Securities to be due and payable to the Trustee on demand, and upon any such demand the same shall forthwith become immediately due and payable. If an Event of Default described in clause (3), (5), (6), (7) or (8) of Section 5.01 shall have occurred and be continuing, then, and in each and every such case, unless the principal of all Securities shall have already become due and payable, the Trustee may in its discretion and shall upon request in writing made by the Holders of not less than 25% in aggregate principal amount of all the Securities then Outstanding (voting as one class), by notice in writing to the Corporation, declare the entire principal (or, if any of the Securities of that series are Original Issue Discount Securities, the specified portion of the principal) of (and premium, if any, on) all the Securities then Outstanding and the interest accrued thereon and all other money owing under the provisions of the Indenture in respect of such Securities to be due and payable to the Trustee on demand, and upon any such demand the same shall forthwith become immediately due and payable.

The Corporation shall upon demand of the Trustee, forthwith pay to the Trustee, for the benefit of the Holders of the Securities of such series, the whole amount then due and payable on such Securities, including all Coupons appertaining thereto, for the principal (or, if any of the Securities of that series are Original Issue Discount Securities, the specified portion of the principal) of (and premium, if any) and interest accrued to the date of such payment on all such Securities of such series and all other money owing under the provisions of the Indenture in respect of such Securities, together with interest from the date of such demand to the date of such payment upon overdue principal and premium and, to the extent that payment of such interest shall be enforceable under applicable law, on overdue installments of interest and on such other money at the same rate as the rate of interest (or Yield to Maturity, in the case of Original Issue Discount Securities) specified in the Securities of such series; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and Counsel, except as a result of negligence or bad faith.

Until such demand shall be made by the Trustee, the Corporation shall pay the principal of (and premium, if any) and interest on the Securities of such series to the Holders in accordance with the terms hereof and thereof, whether or not payment of any amount in respect of such Securities of such series shall be overdue.

If an Event of Default shall have occurred and be continuing the Trustee shall, within 30 days after it becomes aware of the occurrence of such Event of Default, give notice of such Event of Default to the Holders of the Securities of all series then Outstanding affected thereby in the manner provided in Section 1.07, provided that, notwithstanding the foregoing, except in the case of Events of Default described in clauses (1) and (2) of Section 5.01, the Trustee shall not be required to give such notice if the Trustee in good faith shall have decided that the withholding of such notice is in the best interests of the Holders of the Securities of all series then Outstanding affected thereby and shall have so advised the Corporation in writing. Where a notice of the occurrence of an Event of Default has been given to the Holders of such Securities pursuant to the preceding sentence and the Event of Default is thereafter cured, the Trustee shall give notice that the Event of Default is no longer continuing to the Holders of such Securities within 30 days after it becomes aware that the Event of Default has been cured.

Section 5.03 Waiver of Acceleration Upon Default

In the event of the acceleration of maturity with respect to Securities of any series as provided in Section 5.02 hereof, and prior to such time as a judgment or decree for payment of the money due has been obtained by the Trustee as herein below in this Article provided, the Holders of not less than a majority in aggregate principal amount of the Securities of such affected series then Outstanding (voting as one class, except in the case of Events of Default described in clauses (1) and (2) of Section 5.01, in which case each series of Securities as to which such an Event of Default shall have occurred shall vote as a separate class) shall have the power exercisable by the Act of such Holders to

direct the Trustee to cancel the declaration made by the Trustee and the Trustee shall thereupon cancel the declaration if:

(1) the Corporation has paid or deposited with the Trustee a sum sufficient to pay

(i) all overdue interest on all Securities of that series, if any,

(ii) the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and any interest thereon, if any, at the rate or rates prescribed therefor in such Securities,

(iii) to the extent that payment of such interest is lawful, interest upon overdue interest, if any, at the rate or rates specified therefor in such Securities,

(iv) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, except as a result of negligence or bad faith, if any, and

(v) any other amounts payable under this Indenture at such time otherwise than by reason of such declaration of acceleration;

and

(2) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which has become due solely by such declaration of acceleration, have been cured or waived;

provided that no such waiver or cancellation shall extend to or shall affect any subsequent default or breach or shall impair any right consequent thereon.

Section 5.04 Enforcement of Payment of Trustee

Subject to the provisions of Sections 5.01 and 5.03, in case the Corporation shall fail to pay to the Trustee or the Holders of the Securities of any series then Outstanding the principal of (or, premium, if any) or interest accrued on all the Securities of such series and other money owing hereunder, the Trustee may in its discretion and shall upon the request in writing of the Holders of not less than 25% in principal amount of the Securities of such series and upon being indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, in its own name and as trustee of an express trust, institute judicial proceedings for the collection of the amounts so due and unpaid, prosecute such proceedings to judgment or final decree and enforce the same against the Corporation or any other obligor upon such Securities of such series and collect the money adjudged or decreed to be payable in the manner provided by law out

of the property of the Corporation or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to the Securities of any series shall occur and be continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of the Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 5.05 Trustee May File Proofs of Claim

Subject to the provisions of Article Seven, in case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other similar judicial proceeding relative to the Corporation or the assets of the Corporation, the Trustee (irrespective of whether the principal of the Securities of any series shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Corporation for the payment of overdue principal, premium or interest) shall be entitled and empowered, either in its own name or as trustee of an express trust, or as attorney-in-fact for the respective Holders of the Securities of any series, or in any one or more of such capacities, by intervention in such proceeding or otherwise:

(i) to file and prove a claim, debt, petition or other document for the whole amount of the principal (and premium, if any) and interest (or if the Securities of any series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of such series) owing and unpaid in respect of the Securities of each series, and to execute and file such other papers or documents and do and perform all such things as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, except as a result of negligence or bad faith) and of the Holders allowed in such judicial proceeding, and

(ii) to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, except as a result of the Trustee's negligence or bad faith, and any other amounts due the Trustee under clause (3) of Sections 9.01 and 6.03(vii).

The Trustee is hereby irrevocably appointed (and the successive respective Holders of the Securities of each series by taking and holding the same shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective Holders of such Securities with authority to do and perform any and all such acts contemplated by clauses (i) and (ii) of this Section for and on behalf of such Holders as may be necessary or advisable in the opinion of the Trustee. Subject to the provisions of Article Seven, nothing herein contained shall be deemed to authorize the Trustee, unless so authorized by Act of the Holders, to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities of any series or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding; provided, however, that the Trustee may, on behalf of the Holders, vote for the election of a trustee in bankruptcy or similar official and be a member of a creditors' or other similar committee.

Section 5.06 Trustee May Enforce Claims without Possession of Securities

All rights of action and claims under this Indenture, or under the Securities of any series or any Coupons appertaining thereto, may be prosecuted and enforced by the Trustee without the possession of any of the Securities of such series or such Coupons or the production thereof in any suit or proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, except as a result of the Trustee's negligence or bad faith, be for the ratable benefit of the Holders of the Securities and Coupons in respect of which such judgment has been recovered subject to the provisions of this Indenture.

In any suit or proceeding brought by the Trustee (and also in any suit or proceeding involving the interpretation or construction of any provision of this Indenture to which the Trustee shall be a party), the Trustee shall be held to represent all the Holders of the Securities and Coupons appertaining thereto in respect to which action was taken, and it shall not be necessary to make any Holders of such Securities or Coupons parties to any such proceedings.

Section 5.07 Application of Money Collected

Any money collected or received by the Trustee pursuant to this Article in respect of the Securities of any series shall be applied in the following order, at the date or dates fixed by the Trustee and, in the case of any distribution of such money on account of the principal of (or premium, if any) or interest on the Securities of such series, upon presentation of the several Securities and Coupons appertaining thereto in respect of which money has been collected and the notation thereon of such distribution if such principal, premium and interest be only partially paid or upon surrender thereof if fully paid:

(1) firstly, to pay or reimburse to the Trustee for all amounts due the Trustee under Sections 6.03(vii) and 6.03(viii);

(2) secondly, to pay or reimburse the Holders of the Securities of such series the costs, charges, expenses, advances and compensation to the Trustee in or about the execution of its trust, or otherwise in relation hereto, with interest thereon as herein provided;

(3) thirdly, in or towards payment of interest on any overdue interest on such Securities of such series and thereafter in or towards payment of the accrued and unpaid interest on such Securities of such series and interest on any other money owing under the provisions of this Indenture and thereafter in or towards payment of the principal (and premium, if any) of such Securities of such series (or if the Holders of a majority in aggregate principal amount of the Securities of such affected series then Outstanding (voting as one class) shall have directed payments to be made in accordance with any other order of priority, or without priority as between principal (and premium, if any) and interest, then such money shall be applied in accordance with such direction); provided that no payment shall be made in respect of any interest the time of payment of which has been extended contrary to the provisions of Section 9.01(2) hereof, until the prior payment in full of all other money payable hereunder; and

(4) fourthly, the surplus, if any, of such money shall be paid to the Corporation or any other Person lawfully entitled thereto.

Section 5.08 Limitation on Suits

No Holder of any Security of any series or of any Coupon shall have any right to institute any action, suit or proceeding, judicial or otherwise, with respect to this Indenture, for payment of any principal, premium, if any, or interest owing on any Security or Coupon, or for the execution of any trust or power hereunder or for the appointment of a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official, or to have the Corporation wound up, or for any other remedy hereunder, unless:

(1) such Holder shall have previously given written notice to the Trustee of the occurrence of a continuing Event of Default hereunder with respect to the Securities of such series;

(2) the Holders of not less than 25% in aggregate principal amount of the Outstanding Securities of that series in the case of an Event of Default described in clause (1), (2), (3), (4), (5), (8) or (9) of Section 5.01, or in the case of an Event of Default described in clause (6) or (7) of Section 5.01, the Holders of not less than 25% in principal amount of all such affected series then Outstanding (voting as one class) shall have made written request to the Trustee to institute such proceeding in its own name as Trustee hereunder;

(3) such Holder or Holders shall have offered to the Trustee, when so requested by the Trustee, reasonable indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute such action, suit or proceeding; and

(5) no direction inconsistent with such written request shall have been given to the Trustee during such 60 day period by the Holders of not less than a majority in aggregate principal amount of the Outstanding Securities of that series in the case of any Event of Default described in clause (1), (2), (3), (4), (5), (8) or (9) of Section 5.01 or, in the case of any Event of Default described in clause (6) or (7) of Section 5.01 by the Holders of a majority or more of all such affected series then Outstanding (voting as one class);

it being understood and intended that no one or more of Holders of Securities of any series or Coupons appertaining thereto shall have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder of the Securities or the Coupons, or to.obtain or to seek to obtain preference or priority over any other such Holder or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Holders of Securities of the affected series and Coupons appertaining thereto.

Section 5.09 Unconditional Right of Holders to Receive Principal, Premium and Interest

Notwithstanding any other provision in this Indenture or any provision of any Security of any series, the Holder of a Security of any series or Coupon appertaining thereto shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and (subject to Section 3.07) interest on such Security or Coupon on the Stated Maturity or Stated Maturities expressed in such Security or Coupon or, in the case of redemption, on the Redemption Date and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Section 5.10 Restoration of Rights and Remedies

In case the Trustee or any Holder shall have proceeded to enforce any right or remedy under this Indenture and such proceeding shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or to such Holder, then, and in every such case, the Corporation, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder; and all rights, remedies and powers of the Corporation, the Trustee and the Holders shall continue as though no such proceeding had been taken.

Section 5.11 Rights and Remedies Cumulative

Except as otherwise provided with respect to the replacement or payment of mutilated, defaced, destroyed, lost or stolen Securities and Coupons in the last sentence of Section 3.06, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.12 Delay or Omission Not Waiver

No delay or omission of the Trustee or of any Holder of Securities or Coupons to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right .and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case maybe, except as otherwise expressly provided in this Indenture.

Section 5.13 Control by Holders

The Holders of not less than a majority in aggregate principal amount of the Securities of all affected series at the time Outstanding (determined as provided in Section 5.02 and voting as one class) shall have the right exercisable by Act of such Holders to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Securities of such affected series, provided that:

(1) such direction shall not be in conflict with any rule of law or with this Indenture;

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

(3) the Trustee shall have the right to decide to follow such direction if the Trustee in good faith shall, by a Responsible Officer, determine that such direction be prejudicial to the Holders not joining in such direction or would involve the Trustee in personal liability.

Section 5.14 Waiver of Past Defaults

The Holders of a majority in aggregate principal amount of the Securities of all series at the time Outstanding with respect to which a default or breach or an Event of Default shall have occurred and be continuing (determined as provided in Section 5.02

and voting as one class) shall have the right exercisable by Act of such Holders to waive any past default or breach or Event of Default and its consequences, except a default

(1) in the payment of the principal of or any premium or interest on any Security of any such series, or

(2) in respect of a covenant or provision hereof which under Article Eight cannot be modified or amended without the consent of all Holders of all Outstanding Securities of any such series affected.

Upon any such waiver, such default or breach shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture, but no such waiver shall extend to any subsequent or other default or breach or Event of Default or impair any right consequent thereon.

Section 5.15 Undertaking for Costs

All parties to this Indenture agree, and each Holder of any Security or Coupon by acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant

Section 5.16 Waiver of Usury, Stay or Extension Laws

The Corporation covenants (to the fullest extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Corporation (to the fullest extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX
THE TRUSTEE

Section 6.01 Certain Duties and Responsibilities

(a) Except during the continuance of an Event of Default,

(i) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(ii) In the absence of bad faith on its part, the Trustee, in the exercise of its rights and duties hereunder, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to and comply with the requirements of this Indenture.

(b) In case an event of default with respect to any series of Securities has occurred and is continuing, the Trustee shall exercise with respect to the Securities of such series such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from the duties imposed on it in Sections 6.0l (a) and (b) or from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this Subsection shall not be construed to limit the effect of Section 6.01;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with an appropriate direction of the Holders pursuant to Section 5.13 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any personal financial liability in the

performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 6.02 Certain Rights of Trustee

Subject to the provisions of Section 6.01 and Sections 315(a) through 315(d) of the Trust Indenture Act:

(a) the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, Officers' Certificate or other certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, Coupon, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any order, request or direction of the Corporation mentioned herein shall be sufficiently evidenced by a Corporation Request or Corporation Order and any resolution of the Directors shall be sufficiently evidenced by a Directors' Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate, including (i) as to any statements of fact, as evidence of the truth of such statements, and (ii) to the effect that any particular dealing or transaction or step or thing is, in the opinion of the Officers so certifying, expedient, as evidence that it is expedient; provided that the Trustee may in its sole discretion require from the Corporation or otherwise further evidence or information before acting or relying on such certificate;

(d) the Trustee may employ or retain such agents, counsel and other experts or assistants as it may reasonably require for the proper discharge of its duties hereunder and shall not be responsible for any misconduct or negligence on the part of any such persons who have been selected with due care by the Trustee;

(e) the Trustee may, in relation to this Indenture, act on the opinion or advice of or on information obtained from any Counsel, notary, valuer, surveyor, engineer, broker, auctioneer, accountant or other expert, whether obtained by the Trustee or by the Corporation or otherwise;

(f) the Trustee may consult with counsel of its selection and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(g) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered and furnished to the Trustee funds for the purpose and reasonable indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(h) the Trustee may, before commencing (or at any time during the continuance of) any act, action or proceeding, require the Holders at whose instance it is acting to deposit with the Trustee the Securities held by them, for which Securities the Trustee shall issue receipts to the Holders;

(i) prior to the occurrence of an Event of Default with respect to the Securities of any series and after the curing or waiving of all such Events of Default which may have occurred, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, Coupon, other evidence of indebtedness or other paper or document, or any investigation of the books and records of the Corporation (but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled on reasonable notice to examine the books, records and premises of the Corporation, personally or by agent or attorney), unless requested to do so by the Act of the Holders of a majority in aggregate principal amount of the Securities of such affected series then Outstanding; provided, however, that the Trustee may require reasonable indemnity against the costs, expenses or liabilities likely to be incurred by it in the making of such investigation; and

(j) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(k) the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(1) the Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a Default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture;

(m) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder; and

(n) the Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sigh an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

Section 6.03 Protection of Trustee

By way of supplement to the provisions of any law for the time being relating to trustees, it is expressly declared and agreed as follows:

(i) the recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Corporation, and neither the Trustee nor any Authenticating Agent shall be liable for or assume any responsibility for their correctness;

(ii) the Trustee makes no representations as to, and shall not be liable for, the validity or sufficiency of this Indenture or of the Securities or Coupons;

(iii) neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Corporation of any of the Securities or Coupons or of the proceeds thereof;

(iv) nothing herein contained shall impose any obligation on the Trustee to see or to require evidence of registration or filing (or renewals thereof) of this Indenture or any instrument ancillary or supplemental hereto;

(v) the Trustee shall not be bound to give any notice of the execution hereof;

(vi) the Trustee shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of the covenants herein contained or of any act of the agents or servants of the Corporation;

(vii) the Corporation shall indemnify the Trustee, its directors, officers and employees for, and hold it harmless against, any and all loss, liability or expense, including taxes (other than taxes based upon the income of the Trustee) incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim (whether asserted by the Corporation, any Holder or any other

Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder; and

(viii) the Corporation will pay the Trustee from time to time such compensation for all services hereunder as the parties shall agree from time to time and will repay to the Trustee on demand all expenditures or advances whatever that the Trustee may reasonably make or incur in and about the execution of the trusts hereby created (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

As security for the performance of the obligations of the Corporation under Sections 6.03(vii) and 6.03(viii), the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of (and premium, if any) or interest on particular Securities.

Section 6.04 Trustee Not Required to Give Security

The Trustee shall not be required to give security for the execution of the trusts or its conduct or administration hereunder.

Section 6.05 No Person Dealing with Trustee Need Inquire

No person dealing with the Trustee shall be concerned to inquire whether the powers that the Trustee is purporting to exercise have become exercisable, or whether any money remains due upon the Securities or to see to the application of any money paid to the Trustee.

Section 6.06 May Hold Securities

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Corporation, in its individual or in any other capacity, may become the owner or pledgee of Securities or Coupons and, subject to Section 6.08, may otherwise deal with the Corporation with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent, and without being liable to account for any profit made thereby.

Section 6.07 Money Held In Trust

Money held in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Corporation.

Section 6.08 Disqualification; Conflicting Interest

The Trustee for the Securities of any series issued hereunder shall be subject to the provisions of Section 310(b) of the Trust Indenture Act during the period of time provided for therein. In determining whether the Trustee has a conflicting interest as defined in Section 310(b) of the Trust Indenture Act with respect to the Securities of any

series, there shall be excluded for purposes of the conflicting interest provisions of such Section 310(b) the Securities of every other series issued under this Indenture. Nothing herein shall prevent the Trustee from filing with the Commission the application referred to in the second to last paragraph of Section 310(b) of the Trust Indenture Act.

Section 6.09 Corporate Trustee Required; Eligibility

There shall at all times be a Trustee hereunder for each series of Securities which shall be (i) a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers and subject to supervision or examination by United States federal or State authority, or (ii) a corporation or other Person organized and doing business under the laws of any other government which is permitted to act as Trustee pursuant to any rule, regulation or order of the Commission, authorized under such laws to exercise corporate trust powers and subject to supervision or examination by an authority of such government, or a political subdivision thereof, substantially equivalent to the supervision or examination applicable to an institution described in clause (i) above, in each case under clauses (i) and (ii) having a combined capital and surplus of at least $50,000,000 and its Corporate Trust Office in New York, New York, provided that there shall be such a corporation or other Person in such location willing to act upon customary and reasonable terms. If such corporation or other Person publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such corporation or other Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Neither the Corporation nor any Person directly or indirectly controlling, controlled by or under common control with the Corporation shall serve as Trustee. For purposes of the preceding sentence, the term "control shall mean the power to direct the management and policies of a Person directly or through one or more intermediaries, whether through the ownership of voting securities, by contract, or otherwise, and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 6.10 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 6.11.

(b) The Trustee may resign its trust and be discharged from all further duties and liabilities hereunder at any time with respect to the Securities of one or more series by giving to the Corporation three months' notice in writing or such shorter notice as the Corporation may accept as sufficient. If the instrument of acceptance by a successor Trustee required by Section 6.11 shall not have been delivered to the Trustee within 90

days after the giving of such notice of resignation, the resigning Trustee at the expense of the Corporation may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time with respect to the Securities of any series by the Act of the Holders of a majority in aggregate principal amount of the Securities of such series then Outstanding delivered to the Trustee and to the Corporation.

(d) If at any time:

(i) the Trustee shall fail to comply with Section 310(b) of the Trust Indenture Act pursuant to Section 6.08 with respect to the Securities of any series after written request therefor by the Corporation or by any Holder who has been a *bona fide* Holder of a Security of such series for at least six months; or

(ii) the Trustee shall cease to be eligible under Section 6.09 and shall fail to resign after written request therefor by the Corporation or by any such Holder; or

(iii) the Trustee shall be dissolved, shall become incapable of acting or shall become or be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case (a) the Corporation by a Directors' Resolution may remove the Trustee with respect to the Securities of any or all series, as appropriate, or (b) subject to Section 5.15, any Holder who has been a *bona fide* Holder of a Security of an affected series for at least six months may, on behalf of such Holder and all other Holders similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Corporation, by a Directors' 'Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of such series and shall comply with the applicable requirements of Section 6.11. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in aggregate principal amount of the Securities of such series then Outstanding delivered to the Corporation and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section **6.11,** become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Corporation with respect to the Securities of such series. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the

Corporation or the Holders and accepted appointment in the manner required by Section 6.11, any Holder who has been a *bona fide* Holder of a Security of such series for at least six months may, on behalf of such Holder and all other Holders similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(f) The Corporation shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series. If the Corporation shall fail to give such notice within 10 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be given at the expense of the Corporation. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

Section 6.11 Acceptance of Appointment by Successor

(a) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more series, each successor Trustee so appointed shall execute, acknowledge and deliver to the Corporation and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee with respect to such applicable series of the Securities shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to such applicable series; but, on the request of the Corporation or the successor Trustee, such retiring Trustee shall, upon payment of its charges then unpaid, execute, acknowledge and deliver an instrument transferring to such successor Trustee all such rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more series, the Corporation, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute, acknowledge and deliver an indenture supplemental hereto in which each successor Trustee shall accept such appointment and which shall (i) contain such provisions as shall be deemed necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of each series to which the appointment of such successor Trustee relates, (ii) if the retiring Trustee shall not be retiring with respect to the Securities of all series, contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of the series as to which the retiring Trustee shall not be retiring shall continue to be vested in the retiring Trustee and (iii) add to or change any of the provisions of this Indenture to the extent necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture (except as specifically provided for therein) shall constitute such Trustees co-trustees of the same trust and that each such

Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture, the resignation or removal of the retiring Trustee shall become effective to the extent provided therein, and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of each series to which the appointment of such successor Trustee relates, and upon payment of its outstanding fees and expenses, such retiring Trustee shall duly assign, transfer and deliver to each successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of each series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Corporation shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all rights, powers and trusts referred to in Section 6.11(a) or (b), as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 6.12 Merger, Consolidation, Amalgamation or Succession to Trustee

Any corporation into which the Trustee may be merged or with which it may be consolidated or amalgamated, or any corporation resulting from any merger, consolidation or amalgamation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or instrument or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as though such successor Trustee had itself authenticated such Securities.

Section 6.13 Appointment of Authenticating Agent

The Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of the Securities which shall be authorized to act on behalf of, and subject to the direction of, the Trustee to authenticate the Securities of such series, including Securities issued upon original issue, exchange, registration .of transfer or partial redemption thereof or pursuant to Section 3.06; and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as though authenticated by the Trustee. Wherever reference is made in this Indenture to the authentication and delivery of the Securities of any series by the Trustee or to the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by any Authenticating Agent for such series and a certificate of authentication executed on behalf of the Trustee by such

Authenticating Agent. Each Authenticating Agent shall be acceptable to the Corporation and shall at all times be either (i) a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by Federal or State authority or (ii) a corporation or other Person organized and doing business under the laws of Canada or any province thereof or England or Luxembourg, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by governmental authority of its jurisdiction of incorporation and organization. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated or amalgamated, or any corporation resulting from any merger, conversion, consolidation or amalgamation to which such Authenticating Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate agency or corporate trust business of any Authenticating Agent, shall be the successor to such Authenticating Agent with respect to all series of the Securities for which it served as Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or such Authenticating Agent.

Any Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Corporation. The Trustee may at any time terminate the appointment of any Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Corporation. Upon receiving such notice of resignation or upon such termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Corporation and shall, at the expense of the Corporation, provide notice of such appointment to all Holders of the Securities affected thereby in the manner provided in Section 6.10 with respect to the appointment of a successor Trustee. Any successor Authenticating Agent, upon acceptance of its appointment hereunder, shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as though originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Corporation agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services hereunder.

Section 6.14 Notice of Defaults

Within 30 days after the occurrence of any default hereunder with respect to Securities of any series, the Trustee shall transmit by mail to all Holders Securities of such series, as their names and addresses appear in the Security Register, notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Security of such series or in payment of any sinking or purchase fund installment or analogous obligation with respect to Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Holders Securities of such series; and provided, further, that in the case of any default of the character specified in Section 5.01(4) with respect to Securities of such series no such notice to Holders of Securities of such series shall be given until at least 60 days after the occurrence thereof. For the purpose of this Section, the term "default", with respect to Securities of any series, means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

ARTICLE SEVEN
CONSOLIDATION, MERGER, AMALGAMATION, SALE OR TRANSFER

Section 7.01 Consolidation, Merger, Amalgamation or Succession to Business

The Corporation shall not enter into any transaction (whether by way of reorganization, reconstruction, consolidation, amalgamation, merger, transfer, sale or otherwise) whereby all or substantially all of its assets would become the property of any other Person (herein called a "Successor") unless:

(1) prior to or contemporaneously with the consummation of such transaction the Corporation and/or the Successor shall have executed such instruments, which may include a supplemental indenture, and done such things, if any, as are necessary or advisable to establish that upon the consummation of such transaction:

(i) the Successor will have assumed all the covenants and obligations of the Corporation under this Indenture in respect of the Securities of every series; and

(ii) the Securities of every series will be valid and binding obligations of the Successor entitling the Holders thereof, as against the Successor to all the rights of Holders of Securities under this Indenture;

it being understood, for greater certainty, that no supplemental indenture shall be required if the transaction in question is an amalgamation of the Corporation with any one or more corporations, which amalgamation is governed by the statutes of Canada or any province thereof and upon the effectiveness of such amalgamation, the Successor shall continue to be liable for all of the covenants and obligations of the Corporation under this Indenture in respect of the Securities of every series by operation of law;

(2) the Successor is a corporation, company, partnership, or trust organized and validly existing under the laws of Canada or any province thereof or of the United States, any state thereof or the District of Columbia;

(3) · the Corporation has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such transaction and such supplemental indenture comply with this Article and all conditions precedent herein provided for relating to such transaction have been complied with; and

(4) immediately before and after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing.

Section 7.02 Successor to Possess Powers of the Corporation

Whenever the conditions of Section 7.01 hereof shall have been duly observed and performed the Successor shall possess and from time to time may exercise each and every right and power of the Corporation under this Indenture in the name of the Corporation or otherwise and any act or proceeding by any provision hereof required to be done or performed by any Director or Officer of the Corporation may be done and performed with like force and effect by the like directors or officers of the Successor.

ARTICLE EIGHT
SUPPLEMENTAL INDENTURES

Section 8.01 Supplemental Indentures Without Consent of Holders

Without the consent of the Holders of any series, the Corporation, when authorized by a Directors' Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any one or more of the following purposes:

(1) to evidence the succession of another Person, or successive successions of other Persons, to the Corporation and the assumption by any such successor of the covenants and obligations of the Corporation herein and in the Securities and the Coupons appertaining thereto;

(2) to add to the covenants of the Corporation for the benefit of the Holders of all or any series of the Securities (and if such covenants are to be for the benefit of less than all series of the Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Corporation;

(3) to add any additional Events of Default with respect to all or any series of the Securities for the benefit of the Holders of all or any series of Securities;

(4) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of the Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons or to permit or facilitate the issuance of Securities in uncertificated form; provided that any such action shall not adversely affect the interests of the Holders of any series or any related Coupons in any material respect;

(5) to add to, change or eliminate any provision of this Indenture in respect of one or more series of Securities, provided that any such addition, change or elimination shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision;

(6) to secure the Securities and the Coupons appertaining thereto pursuant to the requirements of Section 9.01 or otherwise;

(7) to establish the form or forms and the terms of the Securities of any series as permitted by Sections 2.01 and 3.01;

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or

facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 6.11; or

(9) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture which may be defective or inconsistent with any other provision herein or in any supplemental indenture, or to make any other provisions as may be necessary or desirable, including the making of any modifications in the form of the Securities and the Coupons appertaining thereto, provided that such action shall be not prejudicial, in any material respect, to the interests of the Holders of the Securities of any series or the Coupons appertaining thereto.

Section 8.02 Supplemental Indentures With Consent of Holders

With the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of each series then Outstanding and affected by such supplemental indenture (voting as one class), by Act of such Holders delivered to the Corporation and the Trustee, the Corporation, when authorized by a Directors' Resolution, and the Trustee, at any time or from time to time, shall enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or any supplemental indenture or of modifying in any manner the rights of the Holders of the Securities of each such series or of the Coupons appertaining thereto; provided, however, that no such supplemental indenture shall, without the consent of all Holders of all Outstanding Securities affected thereby,

(1) change the Stated Maturity of the principal of, or any installment of principal of or interest on, such Security,

(2) reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof,

(3) reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 5.02,

(4) change any Place of Payment where, or the coin or currency in which, such Security or any premium or interest thereon is payable,

(5) impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date),

(6) reduce the percentage in principal amount of the Outstanding Securities of such series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain Events of Default hereunder and their consequences) provided for in this Indenture, or

(7) modify any of the provisions of this Section or Section 5.14, except to increase any such percentage or adversely affect any right to convert or exchange any Security or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby, provided, however, that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to "the Trustee", in accordance with the requirements of Sections 6.11 and 8.01(8) and concomitant changes in this Section, or the deletion of this proviso.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more (but less than all) series of the Securities, or which modifies the rights of the Holders of such series or of the Coupons appertaining thereto with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of the Securities of any other series or of the Coupons appertaining thereto.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 8.03 Execution of Supplemental Indentures

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 6.01) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 8.04 Effect of Supplemental Indentures

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of the Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 8.05 Reference in Securities to Supplemental Indentures

The Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Corporation shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Corporation, to any such supplemental indenture may be prepared and executed by the Corporation and

authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

Section 8.06 Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

Section 8.07 Notice of Supplemental Indentures.

Promptly after the execution by the Corporation and the Trustee of any supplemental indenture pursuant to the provisions of Section 8.02, the Corporation shall give notice thereof to the Holders of each Outstanding Security affected, in the manner provided for in Section 1.07, setting forth in general terms the substance of such supplemental indenture.

ARTICLE NINE
COVENANTS OF THE CORPORATION

Section 9.01 General Covenants

The Corporation hereby covenants and agrees that, subject to all the provisions of this Indenture:

(1) it will duly and punctually pay or cause to be paid to the Holder of every Security of each series the principal thereof, premium thereon, if any, and interest accrued thereon and, in case of default, interest on the amount in default, on the dates and at the places, in the money and in the manner mentioned herein and in such Securities;

(2) in order to prevent any accumulation after the Stated Maturity of interest, it will not, directly or indirectly, extend or assent to the extension of time for payment of any interest upon any Security, and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding such interest or in any other manner; and

(3) so long as any of the Securities remain outstanding, it will not, and will not permit any Subsidiary to, create, assume or otherwise have outstanding any Security Interest, except for Permitted Encumbrances, on or over any present or future Railway Properties of the Corporation or any of its Subsidiaries or on any shares in the capital stock of any Railroad Subsidiary securing any Indebtedness of any Person without also at the same time or prior thereto securing equally and ratably with such other Indebtedness all of the Securities then Outstanding under the Indenture.

Section 9.02 Certificates of Compliance

The Corporation shall deliver to the Trustee annually within 120 days (or such longer period as the Trustee in its discretion may consent to) after the end of each fiscal year, and at any other reasonable time if the Trustee so requires, an Officers' Certificate stating that the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, non-compliance with which would, with the giving of notice or the lapse of time, or both, constitute an Event of Default hereunder or, if the Corporation has not complied with all such requirements, giving particulars as to each non-compliance.

Section 9.03 Financial Statements

The Corporation shall annually within 120 days (or such longer period as the Trustee in its discretion may consent to) after the end of its fiscal year furnish to the Trustee a copy of the consolidated financial statements and of the report of the Corporation's Auditors thereon which are furnished to the shareholders of the Corporation. The Trustee shall have no obligation to analyze such financial statements or to evaluate the financial performance of the Corporation as indicated therein in any manner whatsoever.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Corporation's compliance with any of its covenants hereunder (as to which the Trustee is entitled to conclusively rely exclusively on Officers' Certificates).

Section 9.04 Maintenance of Office or Agency

The Corporation will maintain in each Place of Payment for the Securities of any series an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Corporation in respect of the Securities of that series and this Indenture may be served. The Corporation will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Corporation shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Corporation hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Corporation may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Corporation of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Corporation will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

Section 9.05 Money for Securities Payments to Be Held In Trust

If the Corporation shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of or any premium or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and any premium and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its actions or failure so to act.

Whenever the Corporation shall have one or more Paying Agents for any series of Securities, it will, prior to each due date of the principal of or any premium or interest on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay such amount, and (unless such Paying Agent is the Trustee) the Corporation will promptly notify the Trustee of its action or failure so to act.

The Corporation will cause each Paying Agent for the Securities of any series other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will, during the continuance of any default by the Corporation (or any other obligor upon the Securities of that series) in the making of any payment in respect of the Securities of that series, upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Securities of that series.

The Corporation may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Corporation Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Corporation or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Corporation or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Corporation, in trust for the payment of the principal of or any premium or interest on any Security of any series and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Corporation on Corporation Request, or (if then held by the Corporation) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Corporation for payment of such principal, premium or interest on such Security and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Corporation as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Corporation cause to be published once, in an Authorized Newspaper in Canada, if required, and, if required, The City of New York and, if required, the United Kingdom and, if required, Luxembourg, notice that such money remains unclaimed and that, after a date specified therein, which shall be not less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Corporation.

Section 9.06 Maintenance of Corporate Existence

Subject to Article Seven, the Corporation will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence in good standing and will conduct its business in a prudent manner.

Section 9.07 Payment of Taxes and Other Claims

The Corporation will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all material taxes, assessments and governmental charges levied or imposed upon the Corporation or upon the income, profits or assets of the Corporation, and (ii) all lawful claims against the Corporation for labor, materials and supplies which, if unpaid, might by law become a lien upon the assets of the Corporation;

provided, however, that the Corporation shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

Section 9.08 Additional Amounts

All payments made by the Corporation under or with respect to the Securities will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the Government of Canada or of any province or territory thereof or by any authority or agency therein or thereof having power to tax (hereinafter "Canadian Taxes"), unless the Corporation is required to withhold or deduct Canadian Taxes by law or by the interpretation or administration thereof. If the Corporation is so required to withhold or deduct any amount for or on account of Canadian Taxes from any payment made under or with respect to the Securities, the Corporation will pay as additional interest such additional amounts ("Additional Amounts") as may be necessary so that the net amount received by each Holder after such withholding or deduction (and after deducting any Canadian Taxes on such Additional Amounts) will not be less than the amount the Holder would have received if such Canadian Taxes had not been withheld or deducted. However, no Additional Amounts will be payable with respect to a payment made to a Holder (such Holder, an "Excluded Holder") in respect of the beneficial owner thereof:

(i) with which the Corporation does not deal at arm's length (within the meaning of the Income Tax Act (Canada)) at the time of making such payment;

(ii) which is subject to such Canadian Taxes by reason of the Holder being a resident, domicile or national of, or engaged in business or maintaining a permanent establishment or other physical presence in or otherwise having some connection with Canada or any province or territory thereof otherwise than by the mere holding of Securities or the receipt of payments thereunder; or

(iii) which is subject to such Canadian Taxes by reason of the Holder's failure to comply with any certification, identification, information, documentation or other reporting requirements if compliance is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in the rate of deduction or withholding of, such Canadian Taxes.

The Corporation will also:

(i) make such withholding or deduction; and

(ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

The Corporation will furnish to the Holders of the Securities, within 30 days after the date the payment of any Canadian Taxes is due pursuant to applicable law, certified copies of tax receipts or other documents evidencing such payment by the Corporation.

The Corporation will indemnify and hold harmless each Holder (other than an Excluded Holder) and upon written request reimburse each such Holder for the amount of:

(i) any Canadian Taxes so levied or imposed and paid by such Holder as a result of payments made under or with respect to the Securities;

(ii) any liability (including penalties, interest and expenses) arising therefrom or with respect thereto; and

(iii) any Canadian Taxes imposed with respect to any reimbursement under clause (i) or (ii) above, but excluding any such Canadian Taxes on such Holder's net income.

Wherever in this Indenture there is mentioned, in any context, the payment of principal (and premium, if any), interest or any other amount payable under or with respect to a Security, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Section 9.09 Original Issue Discount

The Corporation shall provide to the Trustee on a timely basis such information as the Trustee requires to enable the Trustee to prepare and file any form required to be submitted by the Corporation with the Internal Revenue Service and the Holders of the Securities relating to original issue discount, including, without limitation, Form 1099-OID or any successor form.

ARTICLE TEN
REDEMPTION OF SECURITIES

Section 10.01 Applicability of Article

The Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise established in accordance with Section 3.01 for the Securities of a particular series) in accordance with this Article.

Section 10.02 Election to Redeem; Notice to Trustee

The election of the Corporation to redeem any Securities shall be evidenced by a Directors' Resolution. In case of any redemption at the election of the Corporation of less than all the Securities of any series, the Corporation shall, at least 60 days prior to the Redemption Date fixed by the Corporation (unless a shorter notice shall be acceptable to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of the Securities of such series to be redeemed and, if applicable, of the tenor of the Securities to be redeemed. Such notice shall be irrevocable. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Corporation shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction.

Section 10.03 Selection by Trustee of Securities to be Redeemed

If less than all the Securities of any series are to be redeemed (unless all of the Securities of such series and of a specified tenor are to be redeemed), the particular Securities to be redeemed shall be selected, not more than 60 days prior to the Redemption Date, by the Trustee from among the Outstanding Securities of such series (and, if applicable, of the specified tenor) not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the minimum authorized denomination for the Securities .of such series or any integral multiple thereof) of the principal amount of the Securities. of such series of a denomination larger tP.an the minimum authorized denomination for the Securities of such series.

The Trustee shall promptly notify the Corporation in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

Section 10.04 Notice of Redemption

Notice of redemption to the Holders of Registered Securities of any series to be redeemed shall be given by mailing notice of such redemption by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the Redemption Date, to such Holders at their addresses as they shall appear on the Security Register. Notice of redemption to the Holders of Unregistered Securities of any series to be redeemed who have filed their names and addresses with the Trustee shall be given by mailing notice of such redemption by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the Redemption Date, to such Holders at such filed addresses. Notice of redemption to all other Holders of Unregistered Securities of any series shall be given by publication in an Authorized Newspaper in Canada, if required, and, if required, The City of New York, and, if required, the United Kingdom and, if required, Luxembourg, in each case once in each of two successive calendar weeks, the first publication to be not less than 30 days and not more than 60 days prior to the Redemption Date. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice. Failure to give notice by mail, or any defect in the notice to the Holder of any Security of any series designated for redemption in whole or in part, shall not affect the validity of the proceedings for the redemption of any other Security of such series.

All notices of redemption shall state:

(i) the Redemption Date;

(ii) the Redemption Price;

(iii) the accrued and unpaid interest;

(iv) the CUSIP or similar number of the Securities to be redeemed;

(v) if less than all of the Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption, the portions of the principal amounts) of the particular Securities to be redeemed;

(vi) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and that interest thereon will cease to accrue on and after such date;

(vii) the place or places where such Securities are to be surrendered for payment of the Redemption Price;

(viii) that the redemption is for a sinking or analogous fund, if such is the case;

(ix) in case any Security is to be redeemed in part only, the notice which relates to such Security shall state that on and after the Redemption Date,

upon surrender of such Security, the holder will receive, without charge, a new Security or Securities of authorized denominations for the principal amount thereof remaining unredeemed;

(x) that, unless otherwise specified in such notice, Unregistered Securities of any series, if any, surrendered for redemption must be accompanied by all Coupons maturing subsequent to the Redemption Date or the amount of any such missing Coupon or Coupons will be deducted from the Redemption Price unless security or indemnity satisfactory to the Corporation, the Trustee and any Paying Agent is furnished; and

(xi) if Unregistered Securities of any series are to be redeemed and any Registered Securities of such series are not to be redeemed, and if such Unregistered Securities may be exchanged for Registered Securities not subject to redemption on such Redemption Date pursuant to Section 3.05 or otherwise, the last date, as determined by the Corporation, on which such exchanges may be made.

Each notice of redemption of Securities to be redeemed at the election of the Corporation shall be given by the Corporation or, at the Corporation's request, by the Trustee in the name and at the expense of the Corporation.

Section 10.05 Deposit of Redemption Price

Prior to I0 a.m. on any Redemption Date, the Corporation shall deposit with the Trustee or with a Paying Agent (or, if the Corporation shall be acting as its own Paying Agent, segregate and hold in trust as provided in Section 9.05) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on the Redemption Date.

Section 10.06 Securities Payable on Redemption Date

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified in the Currency in which the Securities of such series are payable (together with accrued interest, if any, to the Redemption Date), and from and after such date (unless the Corporation shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest, and the unmatured Coupons, if any, appertaining thereto shall be void. Upon surrender of any such Security for redemption in accordance with such notice, together with all Coupons, if any, appertaining thereto maturing after the Redemption Date, such Security shall be paid by the Corporation at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that, unless otherwise specified as contemplated by Section 3.01, installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable, in the case of Unregistered Securities with Coupons attached thereto, to the Holders of the Coupons for such interest upon the surrender

thereof or, in the case of Registered Securities, to the Holders of such Registered Securities, registered as such at the close of business on the relevant Regular or Special Record Dates according to their terms and the provisions of Section 3.07.

If any Unregistered Security surrendered for redemption shall not be accompanied by all appurtenant Coupons maturing after the Redemption Date, such Security may be paid after deducting from the Redemption Price an amount equal to the face amount of all such missing Coupons, or the surrender of such missing Coupon or Coupons may be waived by the Corporation and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to the Trustee or any Paying Agent any such missing Coupon in respect of which a deduction shall have been made from the Redemption Price, such Holder shall be entitled to receive the amount so deducted; provided, however, that interest represented by Coupons shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 9.04) and, unless otherwise specified as contemplated by Section 3.01, only upon presentation and surrender of those Coupons.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the same rate specified in such Security as the rate of interest (or Yield to Maturity, in the case of Original Issue Discount Securities).

Section 10.07 Securities Redeemed In Part

Any Security which is to be redeemed only in part shall be surrendered at an office or agency of the Corporation at a Place of Payment therefor (with, if the Corporation or the Trustee shall so require in the case of a Registered Security, due endorsement by, or a written instrument of transfer in form satisfactory to the Corporation and the Trustee duly executed by, the Holder thereof or other appropriate person), and the Corporation shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge, a new Security or Securities of the same series and of like tenor, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.·

Section 10.08 Redemption at the Option of the Corporation for Taxation Reasons

The Securities of a series will be subject to redemption in whole, but not in part, at the option of the Corporation, at any time, on not less than 30 nor more than 60 days prior written notice, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon to the redemption date, in the event there is more than an insubstantial risk that the Corporation has become or would become obligated to pay, on the next date on which any amount would be payable with respect to any such Securities, any Additional Amounts as a result of an amendment to or change in the laws (including any regulations promulgated thereunder) of Canada (or any political

subdivision or taxing authority thereof or therein), or any amendment to or change in any official position regarding the application or interpretation of such laws or regulations, which change is announced or becomes effective on or after the date of the applicable prospectus by which such Securities are offered and sold. No redemption shall be made pursuant to this paragraph unless:

(i) The Corporation shall have received an opinion of independent Counsel that there is more than an insubstantial risk that Additional Amounts will be payable on the next payment date in respect of such series of Securities;

(ii) The Corporation shall have delivered to the Trustee an Officers' Certificate stating that the Corporation is entitled to redeem such Securities pursuant to the terms of such series of Securities; and

(iii) At the time such notice of redemption is given, such obligation to pay such Additional Amounts remains in effect.

ARTICLE ELEVEN
SINKING FUNDS

Section 11.01 Applicability of Article

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of any series, except as otherwise established in accordance with Section 3.01 for the Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of the Securities of any series is in this Section referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of the Securities of any series is in this Section referred to as an "optional sinking fund payment". The date on which any sinking fund payment is to be made is in this Section referred to as the "sinking fund payment date". If so provided by the terms of the Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 11.02. Each sinking fund payment in respect of the Securities of any series shall be applied to the redemption of the Securities of such series as provided for by the terms of the Securities of such series.

Section 11.02 Satisfaction of Sinking Fund Payments with Securities

Subject to Section 11.03, in lieu of making all or any part of any mandatory sinking fund payment with respect to the Securities of any series in cash, the Corporation may at its option (i) deliver to the Trustee Securities of such series theretofore purchased or otherwise acquired (except upon redemption pursuant to any mandatory sinking fund payment) by the Corporation or receive credit for Securities of such series (not previously so credited) theretofore purchased or otherwise acquired (except as aforesaid) by the Corporation and delivered to the Trustee for cancellation pursuant to Section 3.09; (ii) receive credit for any optional sinking fund payments (not previously so credited) made pursuant to this Section; or (iii) receive credit for any Securities of such series (not previously so credited) redeemed by the Corporation through any optional redemption provision contained in the terms of such series. Such Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund therefor and the amount of such mandatory sinking fund payment shall be reduced accordingly.

Section 11.03 Redemption of Securities for Sinking Fund

Not less than 60 days prior to each sinking fund payment date for the Securities of any series, the Corporation will deliver to the Trustee an Officers' Certificate (which need not contain the statements required by Section 1.02) (i) specifying the portion of the mandatory sinking fund payment due on such sinking fund payment date satisfied by the payment of cash and the portion to be satisfied by credit of Securities of such series pursuant to Section 11.02, (ii) stating that none of the Securities of such series to be so credited has theretofore been so credited, and (iii) stating whether or not the Corporation intends to exercise its right to make an optional sinking fund payment on such date with

respect to such series and, if so, specifying the amount of such optional sinking fund payment. Any Securities of such series to be so credited and required to be delivered to the Trustee in order for the Corporation to be entitled to credit therefor which have not theretofore been delivered to the Trustee shall be delivered for cancellation pursuant to Section 3.09 to the Trustee with such Officers' Certificate. Such Officers' Certificate shall be irrevocable, and upon its receipt by the Trustee the Corporation shall become unconditionally obligated to make all the cash payments and other deliveries therein referred to on or before the next succeeding sinking fund payment date. Failure by the Corporation, on or before such 60th day, to deliver such Officers' Certificate and Securities, if any, shall not constitute a default hereunder, but shall constitute, on and as of such 60'h day, the irrevocable election by the Corporation that (i) the mandatory sinking fund payment for the Securities of such series due on the next succeeding sinking fund payment date shall be paid entirely in cash and (ii) the Corporation will make no optional sinking fund payment with respect to the Securities of such series on such date. Not more than 60 days prior to each sinking fund payment date with respect to the Securities of any series, the Trustee shall select the Securities of such series to be redeemed upon such sinking fund payment date in the manner specified in Section I0.03 (the Trustee's decision as to such selection for redemption being final and binding on all parties) and cause notice of the redemption thereof to be given in the name and at the expense of the Corporation in the manner provided in Section I0.04. Such notice of redemption having been duly given, the redemption of the Securities of such series to be redeemed shall be made upon the terms and in the manner stated in Sections 10.05, 10.06 and 10.07.

ARTICLE TWELVE
DEFEASANCE AND COVENANT DEFEASANCE

Section 12.01 Corporation's Option to Effect Defeasance or Covenant Defeasance

Except as otherwise specified as contemplated by Section 3.01 for Securities of any series, the provisions of this Article Twelve shall be applicable to the Securities of each series; and the Corporation may at any time, at its option, by Directors' Resolution elect to have either Section 12.02 or Section 12.03 applied to the outstanding Securities of any series upon compliance with the applicable conditions set forth in this Article Twelve.

Section 12.02 Defeasance and Discharge

Upon the Corporation's exercise of the option provided in Section 12.01 to defease the Securities of a particular series, the Corporation shall be discharged from its obligations with respect to the Securities of such series on the date that the applicable conditions set forth in Section 12.04 shall be satisfied. The term "defeasance" means that the Corporation shall be deemed to have paid and discharged the entire indebtedness represented by the Securities of such series and all Coupons appertaining thereto and to have satisfied all its other obligations under such Securities and Coupons and this Indenture insofar as such Securities and Coupons shall be concerned; and the Trustee, at the expense of the Corporation, shall execute proper instruments acknowledging the same; provided, however, that the following rights, obligations, powers, trusts, duties and immunities shall survive until otherwise terminated or discharged hereunder: (i) the rights of the Holders of the Securities of such series and such Coupons to receive, solely from the trust fund provided for in Section 12.04, payments in respect of the principal of (and premium, if any) and interest on such Securities and Coupons when and as such payments shall become due, (ii) the Corporation's obligations with respect to such Securities and Coupons under Sections 3.04, 3.05, 3.06 and 9.05, (iii) the rights, powers, trusts, duties and immunities of the Trustee hereunder, (iv) the rights and obligations under this Article Twelve and (v) the rights and obligations described in the second paragraph of Section 4.01. Subject to compliance with this Article Twelve, the Corporation may exercise its option with respect to defeasance under this Section 12.02 notwithstanding the prior exercise of its option with respect to covenant defeasance under Section 12.03 with respect to the Securities of such series.

Section 12.03 Covenant Defeasance

Upon the Corporation's exercise of the option provided in Section 12.01 to obtain a covenant defeasance with respect to the Securities of a particular series, the Corporation shall be released from its obligations under Sections 9.01(3), 9.04, 9.07 and 9.08 with respect to the Securities of such series on and after the date that the applicable conditions set forth in Section 12.04 shall be satisfied. The term "covenant defeasance" means that, with respect to the Securities of such series, the Corporation may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in

Sections 9.01(3), 9.04, 9.07 and 9.08, whether directly or indirectly by reason of any reference elsewhere herein to such Section or Article or by reason of any reference in such Section or Article to any other provision herein or in any other document, and such omission to comply shall not constitute an Event of Default under Section 5.01 with respect to the Securities of such series; but the remaining provisions of this Indenture and the other terms of the Securities of such series shall be unaffected thereby.

Section **12.04** **Conditions to Defeasance or Covenant Defeasance**

The following shall be the conditions to defeasance under Section 12.02 and covenant defeasance under Section 12.03 with respect to the Securities of a particular series:

(1) The Corporation shall have irrevocably deposited or caused to be deposited with the Trustee as a trust fund in trust for the purpose of making the payments described below, and dedicated solely to, the benefit of the Holders of the Securities of such series: (i) the Required Currency in an amount, or (ii) Government Obligations which, through scheduled payments of principal and interest in respect thereof in accordance with their terms, will assure, not later than one day before the due date of any payment, cash in an amount, or (iii) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent chartered accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee to pay and discharge: (A) the principal of (and premium, if any, on) and each installment of principal of (and premium, if any) and interest on the Securities of such series and the Coupons appertaining thereto on the Stated Maturity of such principal or installment of principal or interest; and (B) any mandatory sinking fund payments or analogous payments applicable to the Securities of such series on the dates on which such payments shall become due and payable in accordance with the terms of this Indenture and of such Securities. Before such a deposit, the Corporation may give to the Trustee, in accordance with Section I0.02 hereof, a notice of its election to redeem all or any portion of such Outstanding Securities at a future date in accordance with the terms of such Securities and Article Ten hereof, which notice shall be irrevocable. Such irrevocable redemption notice, if given, shall be given effect in applying the foregoing.

(2) No Event of Default or event which, with notice or lapse of time or both, would become an Event of Default with respect to the Securities of such Series shall have occurred and be continuing on the date of such deposit or, insofar as Sections 5.01(6), (7) and (8) are concerned, at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(3) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Corporation is a party or by which it is bound.

(4) Such defeasance or covenant defeasance shall not cause any Securities of such series then listed on any national securities exchange registered under the U.S. Securities Exchange Act of 1934, as amended, to be delisted.

(5) In the case of a defeasance, the Corporation shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States stating that (A) if the deposit referred to in paragraph (1) above shall include Government Obligations in respect of any government other than the United States of America, such deposit shall not result in the Corporation, the Trustee or such trust constituting an "investment company" under the U.S. Investment Company Act of 1940, as amended, and (B) (i) the Corporation has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of this Indenture, there has been a change in the applicable United States federal income tax laws or regulations in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the Securities of such series and the Coupons appertaining thereto will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

(6) In the case of a covenant defeasance, the Corporation shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States to the effect that (A) if the deposit referred to in paragraph (1) above shall include Government Obligations in respect of any government other than the United States of America, such deposit shall not result in the Corporation, the Trustee or such trust constituting an "investment company" under the U.S. Investment Company Act of 1940, as amended and (B) the Holders of Securities of such series then Outstanding and the Coupons appertaining thereto will not recognize income, gain or loss for United States federal income tax purposes as a result of such covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

(7) The Corporation has delivered to the Trustee an Opinion of Counsel qualified to practice law in Canada or a ruling from the Canada Customs and Revenue Agency to the effect that the Holders of the Securities of such series then Outstanding will not recognize income, gain or loss for Canadian federal or provincial income or other Canadian tax purposes as a result of such defeasance or covenant defeasance and will be subject to Canadian federal or provincial income and other Canadian tax on the same amounts, in the same manner and at the same times as would have been the case had such defeasance or covenant defeasance, as the case may be, not occurred (and for the purposes of such opinion, such Canadian counsel shall assume that Holders of such series then Outstanding include Holders who are not resident in Canada).

(8) The Corporation shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided

for in this Section 12.04 relating to either the defeasance under Section 12.02 or the covenant defeasance under Section 12.03, as the case may be, have been satisfied.

(9) The Corporation is not an "insolvent person" within the meaning of the Bankruptcy and Insolvency Act (Canada) on the date of such deposit or at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(10) The Corporation has delivered to the Trustee an Opinion of Counsel to the effect that such deposit shall not cause the Trustee or the trust so created to be subject to the Investment Company Act of 1940, as amended.

Section 12.05 Deposited Money and Government Obligations to be Held In Trust; Other Miscellaneous Provisions

Subject to the provisions of the last paragraph of Section 9.05, all money and Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee (collectively, for the purposes of this Section 12.05, the "Trustee")) pursuant to Section 12.04 in respect of the Securities of a particular series then Outstanding and the Coupons appertaining thereto shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and Coupons and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Holders of such Securities and Coupons of all sums due and to become due thereon in respect of principal (and premium, if any) and interest, but such money need not be segregated from other funds except to the extent required by law.

The Corporation shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to Section 12.04 or the principal and interest received in respect thereof, other than any such tax, fee or other charge which by law is for the account of the Holders of the Securities and the Coupons for whose benefit such Government Obligations are held.

Anything in this Article Twelve to the contrary notwithstanding, the Trustee shall deliver or pay to the Corporation from time to time, upon Corporation Request, any money or Government Obligations held by it as provided in Section 12.04 which, in the opinion of a nationally recognized firm of independent chartered accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited for the purpose for which such money or Government Obligations were deposited.

Section 12.06 Reinstatement

If the Trustee or any Paying Agent is unable to apply any money in accordance with Section 12.05 by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Corporation's obligations under this Indenture and such Securities shall be revived and

reinstated as though no deposit had occurred pursuant to Section 12.04 until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 12.05; provided, however, that if the Corporation makes any payment of principal of or interest on any such Security following the reinstatement of its obligations, the Corporation shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE THIRTEEN
MEETINGS OF HOLDERS

Section 13.01 Purposes for which Meetings May be Called

A meeting of the Holders of the Securities of one or more series may be called at any time and from time to time pursuant to the provisions of this Article for one or more of the following purposes:

(1) to give any notice to the Corporation or to the Trustee, to give any directions to the Trustee, to consent to the waiving of any Event of Default hereunder and its consequences or to take any other action authorized to be taken by the Holders of the Securities of such series pursuant to any of the provisions of Article Five;

(2) to remove the Trustee and appoint a successor Trustee with respect to the Securities of such series pursuant to the provisions of Article Six;

(3) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 8.02; or

(4) to take any other action required or permitted to be taken by or on behalf of the Holders of any specified percentage of the aggregate principal amount of the Securities of such series under any other provision of this Indenture or under applicable law.

Section 13.02 Convening of Meetings

The Trustee or the Corporation may at any time and from time to time, and the Trustee shall on requisition in writing made by the Corporation or by the Holders of at least 25% of the aggregate principal amount of the Securities of one or more series then Outstanding, convene a meeting of the Holders of the Securities of such series to take any action specified in Section 13.01. In the event of the Trustee failing to convene a meeting within 21 days after the receipt of requisition made as aforesaid, the Corporation or the Holders of at least 25% of the aggregate principal amount of the Securities of such series, as the case may be, may convene such meeting. Every such meeting shall be held in The City of New York or at such other place as the Trustee may approve.

Section 13.03 Notice

Notice of every such meeting, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given by the Trustee or, in the event of the Trustee failing to convene a meeting specified in Section 13.02, by the Corporation or such Holders, not less than 21 and not more than 120 days prior to the date fixed for such meeting (i) if any Unregistered Securities of any affected series are then Outstanding, to the Holders thereof by publication of such notice at least twice in an Authorized Newspaper in such cities as the Trustee (or the Corporation or such Holders, if applicable) shall deem appropriate under the

circumstances, (ii) if any Unregistered Securities of any affected series are then Outstanding, to the Holders thereof who have filed their names and addresses with the Trustee by mailing such notice to such Holders at such addresses and (iii) if any Registered Securities of any affected series are then outstanding, by mailing such notice to such Holders at their addresses as they shall appear on the Security Register. A copy of the notice shall be sent by prepaid registered mail to the Trustee unless the meeting has been called by it and to the Corporation unless the meeting has been called by it. A Holder of Securities may waive notice of a meeting either before or after the meeting.

Section 13.04 Persons Entitled to Vote, to be Present and to Speak at Meetings

To be entitled to vote at any meeting of the Holders of the Securities of one or more series, a Person shall be (i) a Holder of one or more Securities of such series or (ii) a Person appointed by an instrument in writing as proxy for a Holder of one or more Securities of such series. The only Persons who shall be entitled to be present or to speak at any such meeting shall be the Persons entitled to vote at such meeting and their Counsel, any representatives of the Trustee and its Counsel and any representatives of the Corporation and its Counsel.

Section 13.05 Quorum; Action.

The Persons entitled to vote a majority in principal amount of the Outstanding Securities of a series shall constitute a quorum for a meeting of Holders of such series; provided, however, that, if any action is to be taken at such meeting with respect to a consent or waiver which this Indenture expressly provides may be given by the Holders of not less than a specified percentage in principal amount of the Outstanding Securities of a series, the Persons entitled to vote such specified percentage in principal amount of the Outstanding Securities of such series shall constitute a quorum. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of such series, be dissolved. In any other case the meeting may be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Notice of the reconvening of any adjourned meeting shall be given as provided in Section 13.03, except that such notice need be given only once not less than five days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of any adjourned meeting shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Securities of such series which shall constitute a quorum.

Subject to the foregoing, at the reconvening of any meeting adjourned for lack of a quorum the Persons entitled to vote 25% in principal amount of the Outstanding Securities at the time shall constitute a quorum for the taking of any action set forth in the notice of the original meeting.

Except as limited by the proviso to Section 8.02, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may be adopted by the affirmative vote of the Holders of not less than a majority in principal amount of the Outstanding Securities of such series; provided, however, that, except as limited by the proviso to Section 8.02, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action which this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of a series may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of not less than such specified percentage in principal amount of the Outstanding Securities of such series.

Any resolution passed or decision taken at any meeting of Holders of any series duly held in accordance with this Section shall be binding on all the Holders of Securities of such series and the related Coupons, whether or not present or represented at the meeting.

Notwithstanding the foregoing provisions of this Section 13.05, if any action is to be taken at a meeting of Holders of any series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage in principal amount of all Outstanding Securities affected thereby, or of the Holders of such series and one or more additional series:

(i) there shall be no minimum quorum requirement for such meeting; and

(ii) the principal amount of the Outstanding Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action shall be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under this Indenture.

Section 13.06 Determination of Voting Rights; Conduct and Adjournment of Meetings

(1) Notwithstanding any other provision of this Indenture, the Corporation, with the approval of the Trustee, in case it convenes the meeting or the Trustee in any other case may make such reasonable regulations as it may deem advisable for any meeting of the Holders of the Securities of one or more series in regard to (i) the proof of the holding of the Securities of such series, (ii) the appointment of proxies, (iii) the appointment and duties of inspectors of votes, (iv) the submission and examination of proxies and other evidence of the right to vote and (v) such other matters concerning the conduct of such meeting as it shall deem necessary or appropriate. Except as otherwise permitted or required by any such regulation, the holding of the Securities of such series and the appointment of any proxy shall be proved in the manner specified in Section 1.04.

(2) The Trustee shall, by an instrument in writing, appoint a chairman and secretary of such meeting, unless the meeting shall have been convened by the Corporation or by Holders as provided in Section 13.02, in which case the Corporation or such Holders, as the case may be, shall in like manner appoint a chairman and secretary.

(3) At any such meeting, each Holder of the Securities of such series or the proxy therefor shall be entitled to one vote for each $1,000 principal amount of the Securities of such series held or represented by such Holder or proxy; provided, however, that no vote shall be cast or counted at any such meeting in respect of any Security of such series challenged as not Outstanding and ruled by the permanent chairman of such meeting to be not Outstanding. No chairman of such meeting shall have any right to vote thereat, except as a Holder of the Securities of such series or as a proxy therefor.

(4) At any such meeting duly called pursuant to the provisions of Section 13.02, the presence of Persons holding or representing Securities of the affected series in an aggregate principal amount sufficient to take action on the business for the transaction of which such meeting was called shall constitute a quorum; but if less than a quorum shall be present, such meeting may be adjourned from time to time by the Holders of a majority in aggregate principal amount of the Securities of such series represented and entitled to vote at such meeting, and any such adjourned meeting may be held without further notice.

Section 13.07 Manner of Voting; Recording of Action

The vote upon any resolution submitted to any meeting of the Holders of the Securities of one or more series shall be by written ballots on which shall be subscribed the signatures of such Holders or their duly authorized proxies and the principal amount or amounts of the Securities represented thereby. The permanent chairman of such meeting shall appoint two inspectors of votes, who shall count all votes cast at such meeting for or against any resolution and shall make and file with the permanent secretary of such meeting their verified written report, in duplicate, of all votes cast at such meeting. A record, in duplicate, of the proceedings of such meeting shall be prepared by the permanent secretary of such meeting, and there shall be attached to such record (i) such report of the inspectors of votes and (ii) affidavits by one or more persons, having knowledge of the facts, setting forth a copy of the notice of such meeting and showing that such notice was given as provided in Section 13.02. Such record shall be signed and verified by the affidavits of the permanent chairman and the permanent secretary of such meeting. One of such duplicate records shall be delivered to the Corporation and the other shall be delivered to the Trustee, to be preserved by the Trustee, the latter having attached thereto the ballots voted at such meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 13.08 Instrument in lieu of Resolution

Notwithstanding the foregoing provisions of this Indenture, any resolution or instrument signed in one or more counterparts by or on behalf of the Holders of the specified percentage of the aggregate principal amount of the Securities of any series

shall have the same force and effect as a resolution passed by the Holders of such specified percentage 'at a meeting of the Holders of Securities of such series.

Section 13.09 Evidence of Instruments of Holders

Any request, direction, notice, consent or other instrument which this Indenture may require or permit to be signed or executed by the Holders of Securities may be in any number of concurrent instruments of similar tenor signed or executed by such Holders.

The Trustee may, in it discretion, require proof of execution in cases where it deems proof desirable and may accept such proof as it shall consider proper.

Section 13.10 Binding Effect of Resolutions

Every resolution passed by the Holders of the specified percentage at a meeting of the Holders of Securities of one or more series held in accordance with the provisions herein contained shall be binding upon all the Holders of Securities of such series, whether present at or absent from such meeting, and every instrument in writing signed by Holders of the specified percentage of Securities of one or more series in accordance with Section 13.07 shall be binding upon all the Holders of Securities of such series, whether signatories thereto or not, and each and every Holder of Securities of such series and the Trustee (subject to the provisions for its indemnity herein contained) shall be bound to give effect thereto accordingly.

Section 13.11 No Delay of Rights

Nothing contained in this Article shall be deemed or construed to authorize or permit, by reason of any call of a meeting of the Holders of the Securities of one or more series, or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders of the Securities of such series under any of the provisions of this Indenture or of the Securities of such series.

Section 13.12 Waiver of Jury Trial.

Each of the Corporation and the Trustee hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Indenture, the Securities or the transactions contemplated hereby.

ARTICLE FOURTEEN
REPAYMENT AT OPTION OF HOLDERS

Section 14.01 Applicability of Article.

Repayment of Securities of any series before their Stated Maturity at the option of Holders thereof shall be made in accordance with the terms of such Securities and (except as otherwise specified as contemplated by Section 3.01 for Securities of any series) in accordance with this Article.

Section 14.02 Repayment of Securities.

Securities of any series subject to repayment in whole or in part at the option of the Holders thereof will, unless otherwise provided in the terms of such Securities, be repaid at a price equal to the principal amount thereof, together with interest, if any, thereon accrued to the Repayment Date specified in or pursuant to the terms of such Securities. The Corporation covenants that on or before the Repayment Date it will deposit with the Trustee or with a Paying Agent (or, if the Corporation is acting as its own Paying Agent, segregate and hold in trust as provided in Section 9.05) an amount of money in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 3.01 for the Securities of such series and except, if applicable, as provided in Sections 3.11(b), 3.11(d) and 3.11(e)) sufficient to pay the principal (or, if so provided by the terms of the Securities of any series, a percentage of the principal) of and (except if the Repayment Date shall be an Interest Payment Date) accrued interest, if any, on, all the Securities or portions thereof, as the case may be, to be repaid on such date.

Section 14.03 Exercise of Option.

Securities of any series subject to repayment at the option of the Holders thereof will contain an "Option to Elect Repayment" form on the reverse of such Securities. To be repaid at the option of the Holder, any Security so providing for such repayment, with the "Option to Elect Repayment" form on the reverse of such Security duly completed by the Holder (or by the Holder's attorney duly authorized in writing), must be received by the Corporation at the Place of Payment therefor specified in the terms of such Security (or at such other place or places or which the Corporation shall from time to time notify the Holders of such Securities) not earlier than 45 days nor later than 30 days prior to the Repayment Date. If less than the entire principal amount of such Security is to be repaid in accordance with the terms of such Security, the principal amount of such Security to be repaid, in increments of the minimum denomination for Securities of such series, and the denomination or denominations of the Security or Securities to be issued to the Holder for the portion of the principal amount of such Security surrendered that is not to be repaid, must be specified. The principal amount of any Security providing for repayment at the option of the Holder thereof may not be repaid in part if, following such repayment, the unpaid principal amount of such Security would be less than the minimum authorized denomination of Securities of the series of which such Security to be repaid is a part. Except as otherwise may be provided by the terms of any Security providing for

repayment at the option of the Holder thereof, exercise of the repayment option by the Holder shall be irrevocable unless waived by the Corporation.

Section 14.04 When Securities Presented for Repayment Become Due and Payable.

If Securities of any series providing for repayment at the option of the Holders thereof shall have been surrendered as provided in this Article and as provided by or pursuant to the terms of such Securities, such Securities or the portions thereof, as the case may be, to be repaid shall become due and payable and shall be paid by the Corporation on the Repayment Date therein specified, and on and after such Repayment Date (unless the Corporation shall default in the payment of such Securities on such Repayment Date) such Securities shall, if the same were interest-bearing, cease to bear interest and the Coupons for such interest appertaining to any Unregistered Securities so to be repaid, except to the extent provided below, shall be void. Upon surrender of any such Security for repayment in accordance with such provisions, together with all Coupons, if any, appertaining thereto maturing after the Repayment Date, the principal amount of such Security so to be repaid shall be paid by the Corporation, together with accrued interest, if any, to the Repayment Date; provided, however, that Coupons whose Stated Maturity is on or prior to the Repayment Date shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 9.04) and, unless otherwise specified pursuant to Section 3.01, only upon presentation and surrender of such Coupons; and provided further that, in the case of Registered Securities, installments of interest, if any, whose Stated Maturity is on or prior to the Repayment Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 3.07.

If any Unregistered Security surrendered for repayment shall not be accompanied by all appurtenant Coupons maturing after the Repayment Date, such Security may be paid after deducting from the amount payable therefor as provided in Section 14.02 an amount equal to the face amount of all such missing Coupons, or the surrender of such missing Coupon or Coupons may be waived by the Corporation and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to the Trustee or any Paying Agent any such missing Coupon in respect of which a deduction shall have been made as provided in the preceding sentence, such Holder shall be entitled to receive the amount so deducted; provided, however, that interest represented by Coupons shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 9.04) and, unless otherwise specified as contemplated by Section 3.01, only upon presentation and surrender of those Coupons.

If the principal amount of any Security surrendered for repayment shall not be so repaid upon surrender thereof, such principal amount (together with interest, if any, thereon accrued to such Repayment Date) shall, until paid, bear interest from the

Repayment Date at the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) set forth in such Security.

Section 14.05 Securities Repaid in Part.

Upon surrender of any Registered Security which is to be repaid in part only, the Corporation shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge and at the expense of the Corporation, a new Registered Security or Securities of the same series, of any authorized denomination specified by the Holder, in an aggregate principal amount equal to and in exchange for the portion of the principal of such Security so surrendered which is not to be repaid.

ARTICLE FIFTEEN
HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

Section 15.01 Disclosure of Names and Addresses of Holders

Every Holder of Securities or Coupons, by receiving and holding the same, agrees with the Company and the Trustee that none of the Company or the Trustee or any agent of either of them shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with Section 312 of the Trust Indenture Act, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Section 312(b) of the Trust Indenture Act.

Section 15.02 Reports by Trustee

Within 60 days after May 15 of each year commencing with the first May 15 after the first issuance of Securities pursuant to this Indenture, the Trustee shall transmit to the Holders, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act, a brief report dated as of such May 15 if required by Section 313(a) of the Trust Indenture Act.

Section 15.03 Reports by the Company.

The Company shall:

(1) file with the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934;

(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations;

(3) Notwithstanding that the Company may not be required to remain subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly reporting pursuant to rules and regulations promulgated by the Commission, the Company shall provide the Trustee:

(i) within 140 days after the end of each fiscal year, the information required to be contained in annual reports on Form 20-F or 40-F as applicable (or any successor form); and

(ii) within 60 days after the end of each of the first three fiscal quarters of each fiscal year, the information required to be contained in reports on Form 6-K (or any successor form) which, regardless of applicable requirements, shall, at a minimum, consist of such information required to be provided in quarterly reports under the laws of Canada or any province thereof to security holders of a company with securities listed on The Toronto Stock Exchange, whether or not the Company has any of its securities so listed.

(4) Such information will be prepared in accordance with U.S. or Canadian disclosure requirements and U.S. or Canadian generally accepted accounting principles;

(5) transmit to all Holders, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Company pursuant to paragraphs (1), (2) and (3) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

IN WITNESS WHEREOF the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By: /s/ R.J. Ritchie
RJ. Ritchie
President and Chief Executive Officer

By: /s/W.D. Gantous
W.D. Gantous
Vice-President and Treasurer

THE BANK OF NEW YORK

By:
Name:
Title:

IN WITNESS WHEREOF the parties hereto have caused this Indenture to be duly executed as of the day and year .first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By:
RJ. Ritchie
President and Chief Executive Officer

By:
W.D. Gantous
Vice-President and Treasurer

THE BANK OF NEW YORK

By: /s/ Vanessa Mack
Name: Vanessa Mack
Title: Assistant Vice President

FIRST SUPPLEMENTAL INDENTURE

FIRST SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated as of April 23, 2004, by and between Canadian Pacific Railway Company, a corporation duly organized and existing under the laws of Canada (the "Corporation"), having its principal office at Suite 500, 401 9th Avenue, S.W., Calgary, Alberta T2P 4Z4, and The Bank of New York, a New York banking corporation, as trustee under the Indenture referred to below (the "Trustee").

WHEREAS, the Corporation and the Trustee are parties to that certain indenture, dated as of October 30, 2001, by and between the Corporation and the Trustee (the "Indenture"), under which the Corporation may issue from time to time unsecured debentures, notes or other evidences of indebtedness in an unlimited aggregate principal amount issuable in one or more series as provided therein and pursuant to which the Corporation's 6.250% Notes due 2011, 7.125% Debentures due 2031 and 5.75% Debentures due 2033 (collectively, the "Securities") were issued;

WHEREAS, Section 8.01(9) of the Indenture provides, in part, that the Corporation may, without the consent of the Holders of any series, enter into a supplemental indenture in order to, among other things, cure any ambiguity, correct or supplement any provision of the Indenture which may be defective or inconsistent with any other provision therein, or to make any other provisions as may be necessary or desirable, provided that such action shall be not prejudicial, in any material respect, to the interests of the Holders of the Securities of any series or the Coupons appertaining t11ereto;

WHEREAS, Section 9.03 of the Indenture currently reads as follows:

> "The Corporation shall annually within 120 days (or si1ch longer period as the Trustee in its discretion may consent to) after the end of its fiscal year furnish to the Trustee a copy of the consolidated financial statements and of the report of the Corporation's Auditors thereon which arc furnished to the shareholders of the Corporation. The Trustee shall have no obligation to analyze such financial statements or to evaluate the financial performance of the Corporation as indicated therein in any manner whatsoever.
>
> Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Corporation's compliance with any of its covenants hereunder (as to which the Trustee is entitled to conclusively rely exclusively on Officers' Certificates).";

WHEREAS, the Corporation is a wholly owned subsidiary of Canadian Pacific Railway Limited, a corporation duly organized and existing under the laws of

Canada ("CPRL"), and does not furnish its consolidated financial statements and the report of its Auditors thereon to its shareholder, CPRL;

WHEREAS, the Corporation views it to be desirable to correct such defect in the Indenture and considers that such action shall not be prejudicial, in any material respect, to the interests of the Holders of the Securities of any series or the Coupons appertaining thereto;

WHEREAS, the entry into this Supplemental Indenture by the parties hereto is in all respects permitted by the provisions of the Indenture, and all things necessary to make this Supplemental Indenture a valid agreement of the Corporation in accordance with its terms have been done.

The parties hereto agree as follows:

1. Definitions. All capitalized terms used and not otherwise defined herein have the respective meanings ascribed to such terms in the Indenture.

2. Effect. This Supplemental Indenture shall become effective upon its execution and delivery by the parties hereto.

3. Definitions. Section 1.01 of the Indenture is hereby amended by adding the following definition immediately following the definition of "**covenant defeasance**"

"CPRL" has the meaning specified in Section 9.03(a);".

4. The first paragraph of section 9.03 of the Indenture is hereby amended and restated in its entirety to read as follows:

'The Corporation shall:

(a) file or cause to be filed with the Trustee, within 15 days after Canadian Pacific Railway Limited, a corporation duly organized and existing under the laws of Canada and the sole shareholder of the Corporation ("CPRL"), is required to file the same with the Commission, copies, which may be in electronic format, of the annual reports and of the information, documents and other rep011s (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which CPRL may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended;

(b) notwithstanding that CPRL may not be required to remain subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly rep01iing pursuant to rules and regulations promulgated by the Commission, shall provide the Trustee:

(1) within 90 days (or such longer period as the Trustee in its discretion may consent to) after the end of each fiscal year, the info1mation required to be contained in CPRL's annual reports on Form 20-F, Form 40-F or Fom1 10-K as applicable (or any successor form); and

(2) within 45 days (or such longer period as the Trustee in its discretion may consent to) after the end of each of the first three fiscal quarters of each fiscal year, the information required to be contained in CPRL's reports on Form 6-K (or any successor form) which, regardless of applicable requirements, shall, at a minimum, contain such information required to be provided in quarterly reports under the laws of Canada or any province thereof to security holders of a company with securities listed on the Toronto Stock Exchange, whether or not CPRL has any of its securities so listed.

Such reports, to the extent permitted by the rules arid regulations of the Commission, will be prepared in accordance with Canadian disclosure requirements and GAAP; provided, however, that the Corporation shall not be obligated to file or cause to be filed such reports with the Commission if the Commission does not permit such filings;

(c) transmit or cause to be transmitted 'to all Holders of Registered Securities, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act, within 15 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed pursuant to paragraph (a) of this Section as may be required by rules and regulations prescribed from time to time by the Commission."

5. Responsibility of Trustee. The Trustee shall not be responsible for the sufficiency of this Supplemental Indenture or as to the due execution thereof by the Corporation or as to recitals of fact contained herein, all of which are made solely by the Corporation.

6. Governing Law. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

7. Counterparts. This Supplemental Indenture may be executed in one or more counterparts, each of which shall be an original, but all of which together shall constitute one and the same document.

8. Effect on Indenture. This Supplemental Indenture shall form a part of the Indenture for all purposes and every Holder of Securities heretofore or hereafter authenticated and delivered shall be bound hereby. Except as expressly set forth herein, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. In the event of a conflict between

the terms and conditions of this Supplemental Indenture and the terms and conditions of the Indenture, then the terms and conditions of this Supplemental Indenture shall prevail.

IN WITNESS WHEREOF, the parties have executed this Supplemental Indenture as of the date first written above.

CANADIAN PACIFIC RAILWAY COMPANY

By: /s/ J.J. Doolan
Name:
Title:

By: /s/ Cathy Connolly
Name:
Title:

THE BANK OF NEW YORK, as trustee

By: /s/ Peter M. Pavlyshin
Name: Peter Pavlyshin
Title: Assistant Vice President

SECOND SUPPLEMENTAL INDENTURE

SECOND SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated as of October 12, 2011, by and between Canadian Pacific Railway Company, a corporation duly organized and existing under the laws of Canada (the "Corporation"), having its principal office at Suite 500, 401 9th Avenue, S.W., Calgary, Alberta T2P 4Z4, and The Bank of New York Mellon, formerly known as The Bank of New York, a New York banking corporation, as trustee under the Indenture referred to below (the "Trustee").

WHEREAS, the Corporation and the Trustee are parties to that certain indenture, dated as of October 30, 2001, by and between the Corporation and the Trustee, as amended by the first supplemental indenture thereto dated as of April 23, 2004 (the indenture, as so amended, the "Indenture"), under which the Corporation may issue from time to time unsecured debentures, notes or other evidences of indebtedness in an unlimited aggregate principal amount issuable in one or more series as provided therein and pursuant to which the Corporation's 6.25% Notes due 2011 (the "Notes") were issued;

WHEREAS, Section 8.02 of the Indenture provides that, with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of each series then Outstanding and affected by such supplemental indenture (voting as one class), by Act of such Holders delivered to the Corporation and the Trustee, the Corporation, when authorized by a Directors' Resolution, and the Trustee, at any time or from time to time, shall enter into an indenture or indentures supplemental thereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or any supplemental indenture or of modifying in any manner the rights of the Holders of the Securities of each such series or of the Coupons appertaining thereto;

WHEREAS, CPRH Canada Inc., a Canadian corporation and a wholly-owned subsidiary of the Corporation (the "Purchaser"), issued a tender offer and consent solicitation statement dated as of September 13, 2011 (the "Statement") to, among other things, purchase any and all of the outstanding Notes and solicit consents from the Holders of the Notes to a certain amendment (the "Proposed Amendment") to the Indenture as set forth in the Statement;

WHEREAS, the Holders of not less than a majority of the aggregate principal amount of the Outstanding Notes have given and not withdrawn their written consent to the Proposed Amendment;

WHEREAS, the entry into this Supplemental Indenture by the parties hereto is in all respects permitted by the provisions of the Indenture, and all things necessary to make this Supplemental Indenture a valid agreement of the Corporation in accordance with its terms have been done.

The parties hereto agree as follows:

1. Definitions. All capitalized terms used and not otherwise defined herein have the respective meanings ascribed to such terms in the Indenture.

2. Effect. This Supplemental Indenture shall become effective on October 12, 2011.

3. Definitions. The definition of "Outstanding" in Section 1.01 of the Indenture is hereby amended to read in its entirety as follows:

""Outstanding", when used with respect to Securities, means, as of any particular time, all such Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Corporation) in trust or set aside and segregated in trust by the Corporation (if the Corporation shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Securities which have been paid pursuant to Section 3.06 or have been mutilated, lost, stolen or destroyed and in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture; and

(iv) Securities which have been defeased pursuant to Article Twelve;

provided, however, that in determining whether the Holders of the requisite principal amount of the Securities of any or all series then Outstanding have voted or have signed or given any request, demand, authorization, direction, notice, consent, requisition, waiver or other instrument or have taken any action or constitute a quorum at any meeting of Holders hereunder, (a) the principal amount of an Original Issue Discount Security which shall be deemed to be Outstanding for such purposes shall be the portion of the principal amount thereof that could be declared to be due and payable upon the occurrence of an Event of Default and the continuation thereof pursuant to the terms of such Original Issue Discount Security as of such time and (b) Securities owned by the Corporation, or any other obligor upon the Securities shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, requisition, waiver or other instrument or action or on the Holders present or represented at any meeting of Holders, only Securities which the Responsible Officer of the Trustee knows to be so owned shall be so disregarded;"

4. Responsibility of Trustee. The Trustee shall not be responsible for the sufficiency of this Supplemental Indenture or as to the due execution thereof by the Corporation or as to recitals of fact contained herein, all of which are made solely by the Corporation.

5. Governing Law. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

6. Counterparts. This Supplemental Indenture may be executed in one or more counterparts, each of which shall be an original, but all of which together shall constitute one and the same document.

7. Effect on Indenture. This Supplemental Indenture shall form a part of the Indenture for all purposes and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby. Except as expressly set forth herein, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. In the event of a conflict between the terms and conditions of this Supplemental Indenture and the terms and conditions of the Indenture, then the terms and conditions of this Supplemental Indenture shall prevail. For the avoidance of doubt, the intention of the Corporation is that the debt obligations of the Corporation, which were incurred pursuant to the Indenture and which are evidenced by the Notes, will continue in full force and effect and will not be settled, extinguished, cancelled, replaced, rescinded or novated by the amendments pursuant to this Supplemental Indenture.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Supplemental Indenture as of the date first written above.

CANADIAN PACIFIC RAILWAY COMPANY

By: /s/ Brian Grassby

Name: Brian Grassby
Title: Senior Vice-President, Finance and Comptroller

By: /s/ Marlowe Allison

Name: Marlowe Allison
Title: Vice-President and Treasurer

THE BANK OF NEW YORK MELLON, as Trustee

By:

Name: Erika Walker
Title: Vice President

IN WITNESS WHEREOF, the parties have executed this Supplemental Indenture as of the date first written above.

CANADIAN PACIFIC RAILWAY COMPANY

By:

Name: Brian Grassby
Title: Senior Vice-President, Finance and Comptroller

By:

Name: Marlowe Allison
Title: Vice-President and Treasurer

THE BANK OF NEW YORK MELLON, as Trustee

By: /s/ Erika Walker

Name: Erika Walker
Title: Vice President

Exhibit 4.13

THIRD SUPPLEMENTAL INDENTURE

THIRD SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated as of October 13, 2011, by and between Canadian Pacific Railway Company, a corporation duly organized and existing under the laws of Canada (the "Corporation"), having its principal office at Suite 500, 401 9th Avenue, S.W., Calgary, Alberta T2P 4Z4, and The Bank of New York Mellon, formerly known as The Bank of New York, a New York banking corporation, as trustee under the Indenture referred to below (the 'Trustee").

WHEREAS, the Corporation and the Trustee are parties to that certain indenture, dated as of October 30, 2001, by and between the Corporation and the Trustee, as amended by the first supplemental indenture thereto dated as of April 23, 2004, and as amended by the second supplemental indenture thereto dated as of October 12, 2011 (the indenture, as so amended, the "Indenture"), under which the Corporation may issue from time to time unsecured debentures, notes or other evidences of indebtedness in an unlimited aggregate principal amount issuable in one or more series as provided therein and pursuant to which the Corporation's 6.25% Notes due 2011 (the "Notes") were issued;

WHEREAS, Section 8.02 of the Indenture provides that, with the consent of all HoIders of all Outstanding Securities affected by such supplemental indenture (voting as one class), by Act of such Holders delivered to the Corporation and the Trustee, the Corporation, when authorized by a Directors' Resolution, and the Trustee, at any time or from time to time, shall enter into an indenture or indentures supplemental thereto for the purpose of changing the Stated Maturity of the principal of, or any installment of principal of or interest on, such Security;

WHEREAS, CPRH Canada Inc., a Canadian corporation and a wholly-owned subsidiary of the Corporation (the "Purchaser"), has provided its written consent for all of the Outstanding Notes it holds, which are all the Outstanding Notes affected by this Supplemental Indenture;

WHEREAS, the entry into this Supplemental Indenture by the parties hereto is in all respects permitted by the provisions of the Indenture, and all things necessary to make this Supplemental Indenture a valid agreement of the Corporation in accordance with its terms have been done.

The parties hereto agree as follows:

1. Definitions. All capitalized terms used and not otherwise defined herein have the respective meanings ascribed to such terms in the Indenture.

2. Effect. This Supplemental Indenture shall become effective on October 14, 2011.

3. Extension of Stated Maturity. The Stated Maturity of all Notes held by the Purchaser is hereby extended from October 15, 2011 to October 15, 2041.

4. Responsibility of Trustee. The Trustee shall not be responsible for the sufficiency of this Supplemental Indenture or as to the due execution thereof by the Corporation or as to recitals of fact contained herein, all of which are made solely by the Corporation.

5. Governing Law. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

6. Counterparts. This Supplemental Indenture may be executed in one or more counterparts, each of which shall be an original, but all of which together shall constitute one and the same document.

7. Effect on Indenture. This Supplemental Indenture shall form a part of the Indenture for all purposes and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby. Except as expressly set forth herein, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. In the event of a conflict between the terms and conditions of this Supplemental Indenture and the terms and conditions of the Indenture, then the terms and conditions of this Supplemental Indenture shall prevail. For the avoidance of doubt, the intention of the Corporation is that the debt obligations of the Corporation, which were incurred pursuant to the Indenture and which are evidenced by the Notes, will continue in full force and effect and will not be settled, extinguished, cancelled, replaced, rescinded or novated by the amendments pursuant to this Supplemental Indenture.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Supplemental Indenture as of the date first written above.

CANADIAN PACIFIC RAILWAY COMPANY

By: /s/ Brian Grassby

Name: Brian Grassby
Title: Senior Vice-President, Finance and Comptroller

By: /s/ Marlowe Allison

Name: Marlowe Allison
Title: Vice-President and Treasurer

THE BANK OF NEW YORK MELLON, as Trustee

By:
Name: Erika Walker
Title: Vice President

IN WITNESS WHEREOF, the parties have executed this Supplemental Indenture as of the date first written above.

CANADIAN PACIFIC RAILWAY COMPANY

By:

Name: Brian Grassby
Title: Senior Vice-President, Finance and Comptroller

By:

Name: Marlowe Allison
Title: Vice-President and Treasurer

THE BANK OF NEW YORK MELLON, as Trustee

By: /s/ Erika Walker
Name: Erika Walker
Title: Vice President

Exhibit 4.14

Dated as of November 24, 2015

CANADIAN PACIFIC RAILWAY LIMITED
as Guarantor

and

CANADIAN PACIFIC RAILWAY COMPANY
as Issuer

and

THE BANK OF NEW YORK MELLON
as Trustee

FOURTH SUPPLEMENTAL INDENTURE

to the

TRUST INDENTURE

Dated as of October 30, 2001

THIS FOURTH SUPPLEMENTAL INDENTURE (this "**Fourth Supplemental Indenture**") dated as of November 24, 2015 between **CANADIAN PACIFIC RAILWAY LIMITED**, a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the "**Guarantor**"), **CANADIAN PACIFIC RAILWAY COMPANY**, a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the "**Issuer**"), and **THE BANK OF NEW YORK MELLON**, a banking corporation duly organized and existing under the laws of the State of New York, having an office in the City of New York, in the State of New York (the "**Trustee**").

RECITALS OF THE ISSUER AND THE GUARANTOR

WHEREAS, the Issuer and the Trustee entered into an Indenture, dated as of October 30, 2001 (as supplemented, the "**Original Indenture**"). Section 8.01(2) of the Original Indenture provides that the Issuer and the Trustee may, without the consent of any Holder, enter into a supplemental indenture to add to the covenants of the Issuer for the benefit of the Holders of all or any series of the Securities.

WHEREAS, the Issuer and the Trustee have heretofore executed three supplemental indentures to the Original Indenture.

WHEREAS, pursuant to the Officers' Certificates dated as of October 30, 2001 and March 24, 2003, the Issuer has heretofore established the following series of Securities: (i) the 7.125% Debentures due 2031, initially limited to the aggregate principal amount of U.S.$350,000,000, and (ii) the 5.750% Debentures due 2033, initially limited to the aggregate principal amount of U.S.$250,000,000 (collectively, the "**Debentures**").

WHEREAS, the foregoing series of Debentures constitute all of the issued and outstanding series of Securities issued pursuant to the Original Indenture as of the date hereof.

WHEREAS, the Guarantor desires to fully and unconditionally guarantee the Debentures (the "**Guarantee**"), and to provide therefor, the Guarantor has duly authorized the execution and delivery of this Fourth Supplemental Indenture.

WHEREAS, the Issuer has requested that the Trustee execute and deliver this Fourth Supplemental Indenture. The Issuer has delivered to the Trustee an Opinion of Counsel and an Officers' Certificate pursuant to Sections 1.02 and 8.03 of the Original Indenture to the effect, among other things, that all conditions precedent provided for in the Indenture to the Trustee's execution and delivery of this Fourth Supplemental Indenture have been complied with. All acts and things necessary have been done and performed to make this Fourth Supplemental Indenture enforceable in accordance with its terms, and the execution and delivery of this Fourth Supplemental Indenture has been duly authorized in all respects.

NOW, THEREFORE, THIS FOURTH SUPPLEMENTAL INDENTURE WITNESSETH: it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Debentures, as follows:

1. INTERPRETATIONS AND AMENDMENTS

1.1 Fourth Supplemental Indenture

As used herein "**Fourth Supplemental Indenture**", "**hereto**", "**herein**", "**hereof**", "**hereby**", "**hereunder**" and similar expressions refer to this Fourth Supplemental Indenture and not to any particular Article, Section or other portion hereof and include any and every instrument supplemental or ancillary hereto or in implementation hereof.

1.2 Definitions in Fourth Supplemental Indenture

All terms contained in this Fourth Supplemental Indenture which are defined in the Original Indenture and not defined herein shall, for all purposes hereof, have the meanings given to such terms in the Original Indenture, unless the context otherwise specifies or requires.

1.3 Interpretation not Affected by Headings

The division of this Fourth Supplemental Indenture into Articles and Sections, the provision of the table of contents hereto and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Fourth Supplemental Indenture.

2. GUARANTEE

2.1 Agreement to Guarantee

The Guarantor hereby fully and unconditionally guarantees to each Holder of Debentures, the due and punctual payment of the principal of, premium, if any, and interest on the Debentures, the due and punctual payment of any sinking fund or analogous payments that may be payable with respect to such Debentures and the due and punctual payment of any Additional Amounts that may be payable with respect to such Debentures, when and as the same shall become due and payable, whether on the Stated Maturity, by declaration of acceleration, call for redemption or otherwise, according to the terms hereof and of the Original Indenture, as supplemented by the supplemental indentures heretofore executed by the Issuer and the Trustee. In case of the failure of the Issuer punctually to make any such payment of principal, premium, if any, or interest, or any such sinking fund or analogous payment that may be payable with respect to the Debentures or any Additional Amounts that may be payable with respect to the Debentures, the Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether on the Stated Maturity or by declaration of acceleration, call for redemption or otherwise, and as if such payment were made by the Issuer.

The Guarantor hereby agrees that its obligations hereunder shall be as if it were principal debtor and not merely surety, and shall be absolute and unconditional, irrespective of, and shall be unaffected by, any invalidity, irregularity or unenforceability of the Debentures, the Original Indenture or this Fourth Supplemental Indenture, any failure to enforce the provisions of the Debentures, the Original Indenture or this Fourth Supplemental Indenture, or any waiver, modification or indulgence granted to the Issuer with respect thereto or hereto, by the Holder of

the Debentures or the Trustee or any other circumstance which may otherwise constitute a legal or equitable discharge of a surety or guarantor; provided, however, that, notwithstanding the foregoing, no such waiver, modification or indulgence shall, without the consent of the Guarantor, increase the principal amount of the Debentures, or increase the interest rate thereon, or increase any premium payable upon redemption thereof, or alter the Stated Maturity thereof. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest or notice with respect to the Debentures or the indebtedness evidenced thereby, or with respect to any sinking fund or analogous payment that may be payable with respect to the Debentures or with respect to any Additional Amounts that may be payable with respect to the Debentures and all demands whatsoever, and covenants that its obligations under this Section 2.1 will not be discharged except by payment in full of the principal of, premium, if any, and interest on and any Additional Amounts that may be payable with respect to the Debentures.

The Guarantor shall be subrogated to all rights of each Holder of the Debentures, the Trustee and any Paying Agent against the Issuer in respect of any amounts paid to such Holder by the Guarantor pursuant to the provisions of this Section 2.1; provided, however, that the Guarantor shall not be entitled to enforce or to receive any payments arising out of or based upon such right of subrogation until the principal of, premium, if any, and interest on all Debentures of the same series issued under the Original Indenture, as supplemented by the supplemental indentures heretofore executed by the Issuer and the Trustee, and any sinking fund or analogous payments and Additional Amounts with respect to such Debentures shall have been paid in full.

Any term or provision of the Original Indenture, as supplemented by the supplemental indentures heretofore executed by the Issuer and the Trustee, and this Fourth Supplemental Indenture to the contrary notwithstanding, the maximum aggregate amount of the Debentures guaranteed hereunder by the Guarantor shall not exceed the maximum amount that can be hereby guaranteed by the Guarantor without rendering the Guarantee, as it relates to the Guarantor, voidable under applicable law relating to fraudulent conveyance, fraudulent transfer, corporate benefit, financial assistance or similar laws affecting the rights of creditors generally.

By executing this Fourth Supplemental Indenture, the Guarantor acknowledges and agrees that the obligations to compensate, reimburse, and indemnify the Trustee under the Original Indenture, including, without limitation, Section 6.03 of the Original Indenture, shall apply to the Guarantor and that the Guarantor and the Issuer, jointly and severally, are obligated to compensate, reimburse, and indemnify the Trustee in accordance with the terms of the Original Indenture, including, without limitation, Section 6.03 of the Original Indenture.

2.2 Additional Amounts

The obligations of the Issuer pursuant to Section 9.08 of the Original Indenture shall apply, *mutatis mutandis*, to the Guarantor.

2.3 Execution and Delivery

To evidence its Guarantee set forth in Section 2.1 hereof, the Guarantor hereby agrees that this Fourth Supplemental Indenture shall be executed on behalf of the Guarantor by one or more authorized officers or persons holding an equivalent title.

The Guarantor hereby agrees that its Guarantee set forth in Section 2.1 hereof shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Debentures.

2.4 Release of Guarantee

The Guarantor will be released and relieved of its obligations under the Guarantee in respect of any series of the Debentures, and such Guarantee will be terminated, upon receipt by the Trustee of a Corporation Order (without the consent of the Trustee) requesting such release, upon (i) satisfaction and discharge of the Original Indenture or (ii) defeasance or covenant defeasance with respect to any series of the Debentures , in each case, under the terms of the Original Indenture. At the request of the Issuer, the Trustee shall execute and deliver an appropriate instrument evidencing such release.

3. GENERAL

3.1 Effectiveness

This Fourth Supplemental Indenture will become effective upon its execution and delivery.

3.2 Effect of Recitals

The recitals contained herein, shall be taken as the statements of the Issuer and the Guarantor, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Fourth Supplemental Indenture except that the Trustee represents that it is duly authorized to execute and deliver this Fourth Supplemental Indenture and to perform its obligations under the Original Indenture and hereunder and that the statements made by it or to be made by it in a Statement of Eligibility and Qualification on Form T-1 supplied to the Issuer are true and accurate as of the date thereof.

3.3 Ratification of Original Indenture

The Original Indenture as supplemented by this Fourth Supplemental Indenture is in all respects ratified and confirmed, and this Fourth Supplemental Indenture shall be deemed part of the Original Indenture in the manner and to the extent herein and therein provided.

3.4 Limitation on Liability

The Trustee shall act at the direction of the requisite Holders without liability.

3.5 Jurisdiction

Each of the parties hereto hereby irrevocably consents to the jurisdiction of the courts of the State of New York and of any Federal Court located in the Borough of Manhattan in the State of New York in connection with any action, suit or other proceeding arising out of or relating to this Fourth Supplemental Indenture or any action taken or omitted hereunder, and waives any claim of forum non conveniens and any objections as to laying of venue.

3.6 Governing Law This Fourth Supplemental Indenture (including the Guarantee provided herein), and the Original Indenture as supplemented hereby shall be governed by and construed in accordance with the laws of the State of New York.

3.7 Severability

In case any provision in this Fourth Supplemental Indenture (including the Guarantee provided herein) or in the Original Indenture as supplemented hereby shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

3.8 Acceptance of Trust

The Trustee hereby accepts the trusts in this Fourth Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein before set forth in trust for the various Persons who shall from time to time be Holders subject to all the terms and conditions herein set forth.

3.9 Counterparts and Formal Date

This Fourth Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date first above written.

IN WITNESS WHEREOF the parties hereto have executed this Fourth Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY LIMITED,
As Guarantor

By: /s/ Mark Erceg
Name: Mark Erceg
Title: Executive Vice President and Chief Financial Officer

By: /s/ Darren J. Yaworsky
Name: Darren J. Yaworsky
Title: Vice-President and Treasurer

CANADIAN PACIFIC RAILWAY COMPANY,
As Issuer

By: /s/ Mark Erceg
Name: Mark Erceg
Title: Executive Vice President and Chief Financial Officer

By: /s/ Darren J. Yaworsky
Name: Darren J. Yaworsky
Title: Vice-President and Treasurer

THE BANK OF NEW YORK MELLON,
as Trustee

By: /s/ Teresa Wyszomierski
Name: Teresa Wyszomierski
Title: Vice President

TABLE OF CONTENTS

Page

Exhibit 4.15

CANADIAN PACIFIC LIMITED

To

HARRIS TRUST AND SAVINGS BANK,

Trustee

Indenture

Dated as of July 15, 1991

CANADIAN PACIFIC LIMITED

Reconciliation and tie between Trust Indenture Act of 1939
and Indenture dated as of July 15,1991

§310 (a)(1)	609
(a)(2)	609
(a)(3)	Not Applicable
(a)(4)	Not Applicable
(a)(5)	609
(b)	608,610
§3l1 (a)	613(a)
(b)	613(b)
(b)(2)	703(a)(2),703(b)
§3l2 (a)	701,702(a)
(b)	702(b)
(c)	702(c)
§313 (a)	703(a)
(b)	703(b)
(c)	703(a),703(b)
(d)	703(c)
§314 (a)	704
(a)(4)	1007
(b)	Not Applicable
(c)(1)	102
(c)(2)	102
(c)(3)	Not Applicable
(d)	Not Applicable
(e)	102
§315 (a)	601(a)
(b)	602,703(a)(6)
(c)	601(b)
(d)	601(c)
(d)(1)	601(a),601(c)
(d)(2)	601(c)(2)
(d)(3)	601(c)(3)
(e)	514
§316 (a)	101
(a)(1)(A)	512
(a)(1)(B)	502,513
(a)(2)	Not Applicable
(b)	508
(c)	104
§317 (a)(1)	503
(a)(2)	504
(b)	1003
§318 (a)	107

NOT€: Thls table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

TABLE OF CONTENTS

NOT€: Thls table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

ARTICLE FOUR

SATISFACTION AND DISCHARGE

ARTICLE FIVE

REMEDIES

ARTICLE SIX

THE TRUSTEE

ARTICLE NINE

SUPPLEMENTAL INDENTURES

ARTICLE TEN

COVENANTS

ARTICLE ELEVEN

REDEMPTION OF SECURITIES

ARTICLE TWELVE

SINKING FUNDS

ARTICLE THIRTEEN

DEFEASANCE AND COVENANT DEFEASANCE

THIS INDENTURE dated as of July 15, 1991 between CANADIAN PACIFIC LIMITED, a corporation duly organized and existing under the laws of Canada (the "Company"), and HARRIS TRUST AND SAVINGS BANK, a corporation duly organized and existing under the laws of the State of Illinois, as trustee (the "Trustee").

W I T N E S S E T H:

WHEREAS, the Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured debentures, notes or other evidences of indebtedness (the "Securities"), to be issued in one or more series as in this Indenture provided; and

WHEREAS, all things necessary to make this Indenture a valid agreement in accordance with its terms have been done;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of the respective Holders from time to time of the Securities and of the Coupons, if any, appertaining thereto, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein as of the date of this Indenture;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with Generally Accepted Accounting Principles, and, except as otherwise herein expressly provided, the term

"Generally Accepted Accounting Principles" with respect to any computation required or permitted hereunder shall mean the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, as applied by the Company at the date of such computation in the preparation of its consolidated financial statements; and

(4) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a-whole and not to any particular Article, Section or other subdivision.

Certain terms, used principally in Article Six, are defined in such Article.

"Act," when used with respect to any Holder, has the meaning specified in Section 104.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Authenticating Agent" means, with respect to the Securities of any series, any Person authorized by the Trustee to act on behalf of the Trustee to authenticate the Securities of such series.

"Authorized Newspaper" means a newspaper (which, in the case of The City of New York, will, if practicable, be The Wall Street Journal (Eastern Edition), in the case of the United Kingdom, will, if practicable, be The Financial Times (London Edition) and, in the case of Luxembourg, will, if practicable, be The Luxembourg Wort), printed in an official language of the country of publication, customarily published at least once a day for at least five days in each calendar week and of general circulation in The City of New York, Canada, the United Kingdom or Luxembourg, as applicable. If it shall be impractical, in the opinion of the Trustee, to make any publication of any notice required hereby in an Authorized Newspaper, any publication or other notice in lieu thereof which is made or given with the approval of the Trustee shall constitute a sufficient publication of such notice.

"Board of Directors" means either the Board of Directors of the Company or any committee of such Board authorized to act on its behalf with respect to any particular matter.

"Board Resolution" means a copy of one or more resolutions, certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted or consented to by the Board of Directors and ·to be in full force and effect on the date of such certification, delivered to the Trustee.

"Borrowed Money" means indebtedness in respect of moneys borrowed (including premium, interest and other charges in respect thereof) and moneys raised by the issue of debentures, notes, bonds or other evidences of moneys borrowed.

"Business Day," when used with respect to any Place of Payment, means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in such Place of Payment are authorized or obligated by law or regulation to close.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or if at any time after the execution and delivery of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor corporation.

"Company Order" or "Company Request" means a written order or request of the company, signed by its Chairman of the Board, its President or one of its Vice Presidents and by its Treasurer, one of its Assistant Treasurers, its Controller, one of its Assistant controllers, its Secretary or one of its Assistant Secretaries, delivered to the Trustee.

"Consolidated Shareholders' Equity" means, as of any particular time, the aggregate of the amounts at such time of each item included in accordance with Generally Accepted Accounting Principles as a component of consolidated shareholders' equity in the most recently audited annual consolidated financial statements of the Company.

"Corporate Trust Office" means the office of the Trustee at which its corporate trust business, at any particular time, shall be principally administered, which office at the date hereof is located at. 311 West Monroe street, Chicago, Illinois 60606.

"Corporation" includes corporations, associations, companies, business trusts and limited partnerships.

"Coupon" means any interest coupon appertaining to a security.

"covenant defeasance" has the meaning specified in section 1303.

"Defaulted Interest'' has the meaning specified in section 307.

"defeasance" has the meaning specified in Section 130.2.

"Depository" means, with respect to the Securities of any series issuable or issued in the form of one or more Registered Global securities, the Person designated as Depository by the Company pursuant to Section 301 until a successor Depository shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Depository" shall mean each Person who is then a Depository hereunder; and if at any time there is more than one such Person, "Depository" as used with respect to the Securities of any such series shall mean each Depository with respect to the Registered Global Securities of such series.

"Dollars" and "$" means lawful money of the United States of America.

"ECU" means the European Currency Unit as defined and revised from time to time by the Council of European Communities.

"Event of Default" has the meaning specified in Section 501.

"Foreign currency" means a currency issued by the government of a country other than the United States of America.

"Government Obligations" means securities which are (i) direct obligations of the government which issued the currency in which the Securities of a particular series are denominated for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of such government the payment of which is unconditionally guaranteed as a full faith and credit obligation by such government, which, in either case, are not

callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act of 1933, as amended) as custodian with respect to any such Government Obligation or a specific payment of principal of or interest on any such Government Obligation held by such custodian for the account of the holder of such depository receipt, provided that (except as provided by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of such Government Obligation or the specific payment of principal of or interest on such Government Obligation evidenced by such depository receipt.

"Holder" means (i) in the case of any Registered Security, the Person in whose name such Registered Security is registered in the Security Register and (ii) in the case of any Unregistered Security, the bearer of such Unregistered Security, or any Coupon appertaining thereto, as the case may be.

"Indebtedness" means all items of indebtedness which in accordance with Generally Accepted Accounting Principles would be included in determining total liabilities as shown on the liability side of a balance sheet as of the date as of which Indebtedness is to be determined, but in any event including, without limitation: (i) obligations secured by any Lien existing on property owned subject to such Lien, whether or not the obligations secured thereby shall have been assumed, and (ii) guarantees and other contingent obligations in respect of, or any obligations to purchase or otherwise acquire or service, obligations of others.

"Indenture" means this instrument as originally executed and delivered or, if amended or supplemented as herein provided, as so amended or supplemented or both, and shall include the forms and terms of particular series of Securities established as provided hereunder.

"Interest," when used with respect to non-interest bearing Securities, means interest payable after Maturity.

"Interest Payment Date," when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

"Judgment Currency" has the meaning specified in Section 116.

"Lien" means any mortgage, hypothec, charge, pledge, security interest, lien or other encumbrance of any kind, but excluding any trust described in Section 1304(1).

"Maturity," when used with respect to any Security, means the date on which the principal of such Security or an installment of such principal becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof, by declaration of acceleration, call for redemption or otherwise.

"Officer," when used with respect to the company, means the Chairman of the Board, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Controller, any Assistant controller, the Secretary or any Assistant Secretary of the company.

"Officers' Certificate" means a certificate of the Company, signed by its Chairman of the Board, its President or one of its Vice Presidents and by its Treasurer, one of its Assistant Treasurers, its Controller, one of its Assistant Controllers, its Secretary or one of its Assistant Secretaries, delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be an employee of or counsel for the Company, and who shall be reasonably acceptable to the Trustee.

"Original Issue Discount Security" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

"Outstanding," when used with respect to Securities, means, as of any particular time, all such Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, except any such Security in respect of which there shall have been presented to the

Trustee proof satisfactory to it that such Security is held by a bona fide purchaser in whose hands such security is a legal, valid and binding obligation of the company; and

(iv) Securities which have been defeased pursuant to section 1302;

provided, however, that in determining whether the Holders of the requisite principal amount of the Securities of any or all series then outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, (a) the principal amount of an Original Issue Discount Security which shall be deemed to be outstanding for such purposes shall be the portion of the principal amount thereof that could be declared to be due and payable upon the occurrence of an Event of Default and the continuation thereof pursuant to the terms of such Original Issue Discount Security as of such time and (b) Securities owned by the company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the securities or any Affiliate of the Company or of such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any Securities on behalf of the Company.

"Periodic Offering" means an offering of Securities of any series from time to time, the specific terms of which Securities, including, without limitation, the rate or rates of interest, if any, thereon, the Stated Maturity or Stated Maturities thereof and the redemption provisions, if any, with respect thereto are to be determined by the Company or its agents upon the issuance of such Securities.

"Permitted _Encumbrance" means, as of any particular time:

(i) any Lien given in the ordinary course of business in respect of Indebtedness which is payable on demand or which matures by its terms not more than 18 months after the date of the original creation thereof;

(ii) any Lien on any property, real or personal, acquired (including by way of lease), constructed or improved by the Company to secure the unpaid portion of the purchase price or the lease payments, as the case may be, of such property or to secure indebtedness incurred solely for the purpose of financing the acquisition, construction or improvement of such property;

(iii) any Lien existing on property, real or personal, acquired by the company after the date hereof, whether or not assumed by the Company;

(iv) any Lien on railway equipment of the company given in connection with the issue and sale of its equipment trust certificates or similar instruments issued in lieu thereof;

(v) any Lien existing on any of the assets or properties of the Company on the date hereof, including, without limitation, any Lien created by or on its outstanding Perpetual Four Per cent consolidated Debenture Stock, whether issued, pledged or vested in trust;

(vi) any Lien existing on any of the assets or properties of any corporation at the time when such corporation enters into an amalgamation, merger, consolidation, arrangement or corporate reorganization with the Company;

(vii) any Lien on property in favor of any country, any province or state, any municipality, any utility or any court, or any department, agency or instrumentality of any thereof, to secure partial, progress, advance or other payments or the performance of any covenant or obligation to or in favor of any of the foregoing given by the Company pursuant to the provisions of any contract or statute or in connection with any surety or appeal bond or costs of litigation;

(viii) easements, rights of way, servitudes, licenses or other similar rights in land, including, without limitation, rights of way and servitudes for railways, sewers, drains, pipelines, gas and water mains, electric light, power, telephone, telegraph or cable television conduits, poles, wires and cable, other utilities and other similar purposes or planning, building, zoning, use and other restrictions;

(ix) reservations, limitations, provisos and conditions, if any, expressed in or affecting any grant of real or immovable property or any interest therein

or the right reserved to or vested in any government or other public authority by the terms of any lease, license, franchise, grant or permit or by any statutory provision to terminate the same or to require annual or other periodic payments or minimum work expenditures or commitments or minimum production amounts as a condition of the continuance of a lease or similar instrument;

(X) defects or irregularities of title which are of a minor nature and will not in the aggregate impair in any material way the value or utility of the property subject thereto;

(xi) any Lien incidental to construction or current operations, including, without limitation, any Lien created by workers' compensation, unemployment insurance and other social security legislation, or any mechanics', materialmens', construction, warehousemens', carriers', possessory or other similar Lien;

(xii) any Lien on property arising by the terms of any statutory provision to secure the payment of taxes, levies or assessments in respect of such Property;

(xiii) the Lien of any judgment rendered or claim filed against the owner of any property, provided such Lien is being contested in good faith by appropriate proceedings;

(xiv) any Lien given, assumed or arising by operation of law to secure indebtedness incurred by the obligor to pay the whole or any part of the consideration for the acquisition of property if such indebtedness shall be incurred prior to, or at the time of, or within 360 days after, the acquisition of such property by such obligor, but only if the principal amount of such indebtedness (A) shall not be in excess of the cost to such obligor of such property and (B) shall be secured only by such property;

(xv) undetermined or inchoate liens, privileges, preferences and charges incidental to current operations which shall not at such time have been filed pursuant to law against the property or assets of the Company or which shall relate to obligations not due or delinquent;

(xvi) any Lien or any right of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(xvii) any order or direction against or affecting any property made by any government, governmental body or court under the provisions of any law, regulation or ordinance;

(xviii) any extension, renewal or replacement of any Lien permitted under clauses (i) through (xvii) above or clause (xix) below, provided that such extension, renewal or replacement shall not secure repayment of an amount in excess of the principal amount of indebtedness outstanding with respect to such Lien immediately prior to such extension, renewal or replacement and that such extension, renewal or replacement shall be limited to all or a part of the property which was subject to the Lien so extended, renewed or replaced; or

(xix) any Lien not excepted by clauses (i) through (xviii) above, provided that such Lien shall not be granted under this clause if the effect of such granting would be to cause the total amount of Indebtedness of the Company secured by all Liens granted under this clause to exceed 5% of Consolidated Shareholders' Equity.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government, or any agency or political subdivision thereof.

"Place of Payment," when used with respect to the Securities of any series, means the place or places where the principal of (and premium, if any) and interest on the Securities of such series are payable as determined by or pursuant to this Indenture.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, defaced, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, defaced, destroyed, lost or stolen Security.

"Redemption Date," when used with respect to any Security to be redeemed, means the date specified for such redemption in accordance with or pursuant to this Indenture.

"Redemption Price," when used with respect to any Security to be redeemed, means the price at which such Security

is to be redeemed in accordance with or pursuant to this Indenture.

"Registered Global Security" means a Security evidencing all or part of a series of Securities issued to the Depository, or its nominee, for such series in accordance with section 302, and bearing the legend prescribed in Section 302.

"Registered Security" means any Security registered on the Security Register.

"Regular Record pate," for the interest payable on any Interest Payment Date on the Registered Securities of any series, means the date specified for such purpose in accordance with or pursuant to this Indenture.

"Required Currency" has the meaning specified in Section 116.

"Responsible Officer," when used with respect to the Trustee, means the chairman or any vice chairman of the board of directors, the chairman or any vice chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier; any senior trust officer, any assistant trust officer, the controller, any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject.

"Securities" has the meaning stated in the first recital of this instrument and more particularly means any Securities authenticated and delivered under this Indenture.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 305.

"Special Record Date," for the payment of any Defaulted Interest, means a date fixed by the Trustee pursuant to Section 307.

"Stated Maturity," when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security and any Coupon appertaining thereto as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the date as of which this Indenture was originally executed, except as provided in Section 905.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder; and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to the Securities of such series.

"Unregistered Security" means any Security other than a Registered Security.

"Vice President," when used with respect to the Company or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president."

"Yield to Maturity" means the yield to maturity on a series of Securities, calculated at the time of issuance of such series, or, if applicable, at the most recent redetermination of interest on such series, in accordance with accepted financial practice.

SECTION 102. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such application or request, no additional certificate or opinion need be furnished.

Every certificate (other than any Officers' Certificate delivered pursuant to Section 1007) or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it shall not be necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Officer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such Officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the legal matters upon which his or her certificate or opinion is based are erroneous. Any such certificate or opinion may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an Officer or Officers stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such factual matters are erroneous.

Any certificate or opinion of an Officer or Opinion of Counsel may be based, insofar as it relates to any accounting matters, upon a certificate or opinion of, or representations by, an accountant or firm of accountants in the employ of the company, unless such Officer or counsel, as the case may be, knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such accounting matters are erroneous. Any certificate or opinion of any independent firm of public accountants filed with

and directed to the Trustee shall contain a statement that such firm is independent.

SECTION 104. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by a specified percentage in aggregate principal amount of the Holders of one or more series then Outstanding may be evidenced: (i) by one or more instruments of substantially similar tenor signed by such specified percentage of Holders in person or by agent duly appointed in writing, and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, if hereby expressly required, to the Company; (ii) by the record of such specified percentage of Holders voting in favor thereof at any meeting of such Holders duly called and held by the Trustee; and (iii) by a combination of such instrument or instruments and any such record of a meeting. Such instrument or instruments and any such record (and the action evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments or voting at such meeting. Proof of the execution of any such instrument or of a writing appointing any such agent and of the holding by any Person of any of the Securities of any series shall be sufficient for any purpose of this Indenture and, subject to Section 601, conclusive in favor of the Trustee and the company, if made in the following manner:

(i) The fact and date of the execution by any such Person of any instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction authorized to take acknowledgments of deeds or administer oaths that the Person executing such instrument or writing acknowledged to him or her the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer. Where such execution is by or on behalf of any legal entity other than an individual, such certificate or affidavit shall also constitute sufficient proof of the authority of the Person executing the same. The ownership of an Unregistered Security of any series, or of any coupon attached thereto at its issuance, and the identifying number of such security and the date of such ownership, may be proved by the production of such Security or Coupon or by a certificate executed by any trust company, bank, banker or recognized securities dealer, wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory. Each such certificate shall be dated and shall state that on the date thereof a Security of such series bearing a

specified identifying number was deposited with or exhibited to such trust company, bank, banker or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Unregistered Securities of one or more series specified therein. The ownership by the Person named in any such certificate of any Unregistered Security specified therein shall be presumed to continue unless at the time of any determination of such ownership and holding (A) another certificate bearing a later date issued in respect of such security shall be produced, (B) such Security shall be produced by some other Person or (C) such Security shall have ceased to be Outstanding. Subject to section 601, the fact and date of the execution of any such instrument or writing and the ownership, principal amount and number(s) of any Unregistered securities may also be proved in accordance with such reasonable rules and regulations as may be prescribed by the Trustee for any series or in any other manner which the Trustee may deem sufficient.

(ii) In the case of Registered Securities, the ownership thereof shall be proved by the Security Register or by a certificate of the Security Registrar.

(b) The Company may fix a record date for the purpose of determining the identity of the Holders entitled to participate in any Act authorized or permitted under this Indenture, which record date shall be the later of (i) 10 days prior to the first solicitation of the written instruments or vote required for such Act or (ii) the date of the most recent list of Holders furnished to the Trustee prior to such solicitation pursuant to Section 701. If such a record date is fixed, the Persons who were the Holders of the Securities of the affected series at the close of business on such record date (or their duly authorized proxies) shall be the only Persons entitled to execute written instruments or to vote with respect to such Act, or to revoke any written instrument or vote previously delivered or given, whether or not such Persons shall continue to be Holders of the Securities of such series after such record date. No such written instrument or vote shall be valid or effective for more than 150 days after such record date.

(c) At any time prior to (but not after) the evidencing to the Trustee, as provided in paragraph (a) of this Section, of any Act by the Holders of the requisite percentage of the aggregate principal amount of the Securities of one or more series, as the case may be, any Holder of a Security, the serial number of which is shown by the evidence to be included among the serial numbers of the securities the Holders of which have consented to such Act, may, by filing written notice at the

Corporate Trust Office and (except as otherwise provided by paragraph (b) of this Section) upon proof of ownership as provided in such paragraph (a), revoke any written instrument or vote with respect to such Act in respect of such Security. Except as provided in the preceding sentence, any request, demand, authorization, direction, notice, consent, waiver or other action of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

SECTION 105. Notices, Etc. to Trustee and Company.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided for or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(i) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its corporate Trust Office; or

(ii) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company addressed to it at 910 Peel Street, P.O. Box 6042, Station A, Montreal, Quebec, Canada H3C 3E4, Attention: Secretary, or at any other address previously furnished in writing to the Trustee by the Company.

SECTION 106. Notice to Holders; Waiver.

Where this Indenture or any security provides for or permits notice by the Company or by the Trustee to the Holders of any event, such notice shall be sufficient (unless otherwise herein or in such security expressly provided) if (i) in the case of any Holders of Registered securities of any series or any Holders of Unregistered Securities of any series who shall have filed their names and addresses with the Trustee pursuant to section 703(c), given or served by being deposited in the United States mail, first-class, postage prepaid, addressed at their addresses as they shall appear on the Security Register or at the addresses so filed, respectively, and (ii) in the case of any Holders of other Unregistered securities, published at least once in an Authorized Newspaper in the Borough of Manhattan, The City of New York, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In

any case where notice to the Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to the other Holders. Where this Indenture or any Security provides for or permits notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of or irregularities in regular mail service or by reason of any other cause, it shall be impracticable to give any such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

SECTION 107. Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with the duties imposed pursuant to section 318(c) of the Trust Indenture Act, the imposed duties shall control.

SECTION 108. Effect of Headings and Table of Contents.

The Article and section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 109. Successors and Assigns.

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 110. Separability Clause.

In case any provision in this Indenture or in the Securities or coupons shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions thereof shall not in any way be affected or impaired by such invalidity, illegality or unenforceability.

SECTION 111. Benefits of Indenture.

Nothing in this Indenture, in the Securities or in the Coupons, express or implied, shall give or be construed to give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 112. Governing Law.

This Indenture and each Security and Coupon shall be governed by and construed in accordance with the laws of the state of Illinois, except as may be otherwise required by mandatory provisions of law.

SECTION 113. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security or Coupon shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture, of the Securities or of the coupons) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as though made on the Interest Payment Date or the Redemption Date, or at the Stated Maturity, and no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be.

SECTION 114. Counterparts.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original; but all such counterparts shall together constitute but one and the same instrument.

SECTION 115. Securities in a Foreign currency or in Ecu.

Unless otherwise specified in or pursuant to a Board Resolution, a supplemental indenture or an Officers' Certificate delivered pursuant to Section 301 with respect to a particular series of Securities, whenever for purposes of this Indenture any action may be taken by the Holders of a specified percentage in aggregate principal amount of the securities of one or more series at the time outstanding and, at such time, there are Outstanding Securities of any such affected series which are denominated in a Foreign Currency (including ECU), then the principal amount of the Securities of such series which shall be deemed to be Outstanding for the purpose of taking such action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable

record date established pursuant to Section l04(b) or, if no such record date shall have been established, on the date that the taking of such action shall be authorized by Act of the Holders of the Securities of all such affected series. For the purposes of this Section, Market Exchange Rate shall mean the noon Dollar buying rate in The City of New York for cable transfers of such Foreign Currency as published by the Federal Reserve Bank of New York; provided, however, that in the case of ECU, Market Exchange Rate shall mean the rate of exchange determined by the Council of European Communities (or any successor thereto) as published in the Official Journal of the European Communities (such publication or any successor publication, the "Journal"). If such Market Exchange Rate shall not be available for any reason with respect to such Foreign currency or ECU, the Trustee shall use, in its sole discretion and without liability on its part, such quotation of the Federal Reserve Bank of New York or, in the case of ECU, the rate of exchange as published in the Journal, as of the most recent available date, or quotations or, in the case of ECU, rates of exchange from one or more major banks in The City of New York or in the country of issue of the Foreign Currency in question, which for the purposes of ECU shall be Brussels, Belgium, or such other quotations or, in the case of ECU, rates of exchange as the Trustee shall deem appropriate. The provisions of this paragraph shall also apply in connection with any other action taken by the Holders pursuant to the terms of this Indenture, including without limitation Section 502.

All decisions and determinations of the Trustee regarding the Market Exchange Rate or any alternative determination provided for in the preceding paragraph shall be in its sole discretion and shall, in the absence of manifest error, be conclusive to the extent permitted by law for all purposes and irrevocably binding upon the Company and all Holders.

SECTION ll6. Judgment Currency,

The Company agrees, to the fullest extent that it may effectively do so under applicable law, that (i) if for the purpose of obtaining judgment in any court it is necessary to convert the sum due in respect of the principal of (and premium, if any) or interest on the Securities of any series (the "Required Currency") into a currency in which a judgment will be rendered (the "Judgment Currency"), the rate of exchange used shall be the rate at which, in accordance with normal banking procedures, the Trustee could purchase in The City of New York the Required Currency with the Judgment currency on the day on which final unappealable judgment shall be entered, unless such day is not a New York Banking Day, in which case, to the extent permitted by applicable law, the rate of exchange used shall be the rate at which, in accordance with normal banking procedures, the Trustee could purchase in The city of New York the Required Currency with the Judgment currency on the New York Banking Day

next preceding the day on which final unappealable judgment shall be entered and (ii) its obligations under this Indenture and the securities of such series to make payments in the Required currency (A) shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment (whether or not entered in accordance with clause (i) above), in any currency other than the Required currency, except to the extent that such tender or recovery shall result in the effective receipt by the payee of the full amount of the Required currency expressed to be payable in respect of such payments, (B) shall be enforceable as an alternative or additional cause of action for the purpose of recovering in the Required currency the amount, if any, by which such effective receipt shall fall short of the full amount of the Required currency so expressed to be payable and (C) shall not be affected by judgment being obtained for any other sums due under this Indenture. For purposes of this Section, "New York Banking Day" means any day except a Saturday, S u nday or legal holiday in The City of New York or a day on which banking institutions in The city of New York are authorized or obligated by law or . regulation to close.

SECTION 117. Agent for Process.

By its execution and delivery of this Indenture, the Company irrevocably designates and appoints Gene M. Peretz, 1200 Jorie Boulevard, Second Floor, Oak Brook, Illinois 60521 as the Company's authorized agent upon whom process may be served in any action, suit or proceeding arising out of or relating to this. Indenture, the Securities and/or the Coupons, and agrees that service of process upon said Gene M. Peretz, and written notice of such service to the company in the manner provided in Section 105, shall be deemed in every respect effective service of process upon the Company in any such action, suit or proceeding. The Company further agrees to take any and all action, including the execution and filing of any and all such documents and instruments, as may be necessary to continue the designation and appointment of said Gene M. Peretz, or of any successor authorized agent of the Company, in full force and effect so long as any of the Securities or Coupons shall be outstanding.

SECTION ll8. Incorporators, Shareholders, Officers and Directors Exempt from Individual Liability.

No recourse under or upon any obligation, covenant or agreement contained in this Indenture, or in any Security or Coupon, or because of any indebtedness evidenced thereby, shall be had against any incorporator, as such, or against any past, present or future shareholder, officer or director, as such, of the Company or of any successor, either directly or through the Company or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such

liability being expressly waived and released by the acceptance of the securities and the Coupons appertaining thereto by the Holders thereof and as part of the consideration for the issue of the securities and the Coupons appertaining thereto.

ARTICLE TWO

SECURITY FORMS

SECTION 201. Forms Generally.

The Securities of each series and the Coupons, if any, to be attached thereto shall be substantially in such form, not inconsistent with this Indenture, as shall be established by or pursuant to one or more Board Resolutions (as set forth in either a Board Resolution or, to the extent established pursuant to a Board Resolution, an Officers' Certificate detailing such establishment) or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have imprinted or otherwise reproduced thereon such letters, numbers or other marks of identification and such legends or endorsements, not inconsistent with this Indenture, as may be required to comply with any law or any rules or regulations pursuant thereto, or with any rules of any securities exchange, or to conform to general usage, all as may be determined by the Officers executing such Securities and Coupons, if any, as evidenced by their execution of such Securities and Coupons.

The definitive Securities and the coupons, if any, to be attached thereto shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the Officers executing such Securities and Coupons, if any, as evidenced by their execution of such Securities and Coupons.

SECTION 202. Form of Trustee's Certificate of Authentication.

The Trustee's certificate of authentication on all Securities shall be in substantially the following form:

"This is one of the Securities referred to in the within-mentioned Indenture.

Harris Trust and savings Bank, as Trustee

By_____
Authorized Officer"

If at any time there shall be an Authenticating Agent appointed with respect to any series of the Securities, the Securities of each such series shall bear, in addition to the Trustee's certificate of authentication, an alternate certificate of authentication which shall be in substantially the following form:

"This is one of the Securities referred to in the within-mentioned Indenture.

Harris Trust and savings Bank, as Trustee

By_____,
As Authenticating Agent

By_____
Authorized Officer"

ARTICLE THREE

THE SECURITIES

SECTION 301. Amount Unlimited; Issuable in Series.

The aggregate principal amount of securities which may be authenticated and delivered under this Indenture is unlimited.

The securities may be issued in one or more series, and each such series shall rank pari passu with all other unsecured and unsubordinated Indebtedness for Borrowed Money of the Company. There shall be established in or pursuant to one or more Board Resolutions (and to the extent established pursuant to a Board Resolution, in an Officers' Certificate detailing such establishment) or in one or more indentures supplemental hereto, prior to the original issuance of the Securities of any series:

(1) the designation of the securities of such series (which shall distinguish the securities of such series from the Securities of all other series);

(2) any limit upon the aggregate principal amount of the securities of such series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of such series pursuant to section 304, 305, 306, 906 or 1107);

(3) if other than Dollars, the coin or currency in which the Securities of such series are denominated (including, but not limited to, any Foreign Currency or ECU);

(4) the date or dates on which the principal of the Securities of such series shall be payable and/or the method by which such date or dates shall be determined;

(5) the rate or rates at which the securities of such series shall bear interest, if any, the date or dates from which such interest shall accrue, the Interest Payment Dates on which such interest shall be payable and, in the case of Registered securities, the Regular Record Date for the interest payable on any Interest Payment Date and/or the method by which such rate or rates or date or dates shall be determined;

(6) the place or places where the principal of (and premium, if any) and interest on the Securities of such series shall be payable;

(7) the period or periods within which, the price or prices at which and the terms and conditions upon which the Securities of such series may be redeemed, in whole or in part, at the option of the Company, pursuant to any sinking fund or otherwise and/or the method by which such period or periods, price or prices and terms and conditions shall be determined;

(8) the obligation, if any, of the Company to redeem, purchase or repay the Securities of such series pursuant to any mandatory redemption, sinking fund or analogous provisions at the option of a Holder thereof and the period or periods within which, the price or prices at which and the terms and conditions upon which the Securities of such series shall be so redeemed, purchased or repaid and/or the method by which such period or periods, price or prices and terms and conditions shall be determined;

(9) if other than denominations of $1,000 and any multiple thereof in the case of Registered Securities, or $1,000 or $5,000 in the case of Unregistered Securities, the denominations in which the Securities of such series shall be issuable or the method by which such denominations shall be determined;

(10) if other than the principal amount thereof, the portion of the principal amount of the Securities of such series which shall be payable upon declaration of acceleration of the Maturity thereof or the method by which such portion shall be determined;

(11) if other than the coin or currency in which the Securities of such series are denominated, the coin or currency in which payment of the principal of (and premium, if any) or interest on the Securities of such series shall be payable or the method by which such coin or currency shall be determined;

(12) if the principal of (and premium, if any) or interest on the Securities of such series are to be payable, at the election of the Company or a Holder thereof, in a coin or currency other than that in which the Securities of such series are denominated, the period or periods within which, and the terms and conditions upon which, such election may be made and/or the method by which such period or periods and terms and conditions shall be determined;

(13) if the amount of payments of the principal of (and premium, if any) and interest on the Securities of such series may be determined with reference to an index based on a coin or currency other than that in which the Securities of such series are denominated, the manner in which such amounts shall be determined;

(14) whether the securities of such series will be issuable as Registered Securities (and if so, whether such Registered Securities will be issuable as Registered Global Securities) or Unregistered Securities (with or without coupons), or any combination of the foregoing, any restrictions applicable to the offer, sale or delivery of Unregistered Securities or the payment of interest thereon and, if other than as provided in Section 305, the terms upon which Unregistered Securities of such series may be exchanged for Registered Securities of such series and vice versa;

(15) whether and under what circumstances the Company will pay additional amounts on the Securities of such series held by a person who is not a U.S. person in respect of any tax, assessment or governmental charge withheld or deducted and, if so, whether the company will have the option to redeem such Securities rather than pay such additional amounts;

(16) if the Securities of such series are to be issuable in definitive form (whether upon original issuance or upon exchange of a temporary security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, the form and terms of such certificates, documents or conditions;

(17) any trustees, Depositaries, authenticating or paying agents, transfer agents, registrars or other agents with respect to the Securities of such series;

(18) any additional events of default or covenants with respect to the securities of such series or any Events of Default or covenants herein specified which shall not be applicable to the Securities of such series;

(19) whether Section 1302 or 1303 will apply to the securities of such series; and

(20) any other terms of such series.

All Securities of each series and the Coupons, if any, appertaining thereto shall be substantially identical, except in the case of Registered Securities as to denomination and except as may otherwise be provided by or pursuant to the Board Resolution or Officers' Certificate referred to above or as may otherwise be set forth in any indenture supplemental hereto referred to above. All Securities of any series need not be issued at the same time and may be issued from time to time, consistent with the terms of this Indenture, if so provided by or pursuant to such Board Resolution, Officers' Certificate or supplemental indenture.

SECTION 302. Execution, Authentication and Delivery.

The Securities shall be executed on behalf of the Company by any two of the following Officers: its Chairman of the Board, its President, any of its Vice Presidents, its Treasurer or any of its Assistant Treasurers, under its corporate seal reproduced thereon and attested by its Secretary or one of its Assistant Secretaries. The signature of any Officer on the Securities may be manual or facsimile. The seal of the Company may be in the form of a facsimile thereof and may be impressed, affixed, imprinted or otherwise reproduced on the Securities. Typographical and other minor errors or defects in any such reproduction of such seal or any such signature shall not affect the validity or enforceability of any Security which has been duly authenticated and delivered by the Trustee. The Coupons, if any, attached to the Securities of any series shall bear the facsimile signature of the Treasurer or any Assistant Treasurer of the Company.

In case any Officer who shall have so executed any of the Securities or Coupons, if any, shall cease to be such Officer before the Security or Coupon so executed (or the Security to which the Coupon so executed appertains) shall be authenticated and delivered by the Trustee or disposed of by the Company, such Security or Coupon nevertheless may be authenticated and delivered or disposed of as though the person who signed such Security or Coupon had not ceased to be such Officer; and any Security or Coupon may be so executed on behalf of the Company by such persons as, at the actual date of the execution of such Security or Coupon, shall be the proper officers of the Company, although at the date of the execution and delivery of this Indenture any such person was not such an officer.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series, having attached thereto the Coupons, if any, appertaining thereto, executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities and the other applicable documents referred to below in this Section, and

thereupon the Trustee shall authenticate and deliver such Securities pursuant to such Company Order or pursuant to procedures acceptable to the Trustee specified from time to time by a company Order. In authenticating the Securities of any series and accepting the additional responsibilities under this Indenture in respect of the Securities of such series, the Trustee shall be entitled to receive (but, in the case of subparagraphs 2, 3 and 4 below, only at or before the time of the first request of the Company to the Trustee to authenticate Securities of such series) and, subject to Section 601, shall be fully protected in relying upon, unless and until such documents shall have been superseded or revoked:

(1) a Company Order requesting such authentication and setting forth delivery instructions if the Securities of such series and the coupons, if any, appertaining thereto are not to be delivered to the Company, provided that, with respect to the Securities of any series which are subject to a Periodic Offering: (A) the Trustee shall authenticate and deliver the Securities of such series for original issue from time to time, in an aggregate principal amount not exceeding the aggregate principal amount established for such series, pursuant to a Company Order or pursuant to procedures acceptable to the Trustee specified from time to time by a Company Order, (B) if so provided in or pursuant to the Board Resolution or supplemental indenture establishing the Securities of such series, the maturity date, the original issue date, the interest rate and any other terms of any or all of the Securities of such series and the Coupons, if any, appertaining thereto may be determined by a Company Order or pursuant to such procedures and (C) if so provided in such procedures, such Company Order may authorize authentication and delivery pursuant to oral or electronic instructions from the Company or its duly authorized agent, which instructions shall be promptly confirmed in writing;

(2) any Board Resolution, Officers' Certificate and/or executed supplemental indenture referred to in Section 201 or 301 by or pursuant to which the form or forms and the terms of the Securities of such series and the coupons, if any, appertaining thereto were established;

(3) an Officers' Certificate either setting forth the form or forms and the terms of the Securities of such series and the Coupons, if any, appertaining thereto or stating that such form or forms and terms have been established pursuant to Section 201 or 301 and comply with this Indenture, and covering such other matters as the Trustee may reasonably request; and

(4) at the option of the Company, either an Opinion of counsel, or a letter addressed to the Trustee permitting it to rely on an Opinion of Counsel, substantially to the effect that:

(A) the form or forms of the Securities of such series and the Coupons, if any, appertaining thereto have been duly authorized and established in conformity with the provisions of this Indenture;

(B) in the case of an underwritten offering, the terms of the Securities of such series have been duly authorized and established in conformity with the provisions of this Indenture; and in the case of an offering which is not underwritten, certain terms of the Securities of such series have been authorized and established pursuant to a Board Resolution, an Officers' Certificate or a supplemental indenture in accordance with the provisions of this Indenture, and when such other terms as are to be established pursuant to a Company order or procedures set forth in a Company order shall have been established, all of the terms of the Securities of such series will have been duly authorized and established in conformity with the provisions of this Indenture;

(C) when the Securities of such series and the Coupons, if any, appertaining thereto shall have been executed by the Company and authenticated by the Trustee in accordance with the provisions of this Indenture and delivered to and duly paid for by the purchasers thereof, such Securities will have been duly issued under this Indenture and will be valid and legally binding obligations of the Company enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law), and will be entitled to the benefits of this Indenture; and

(D) no consent, approval, authorization, order, registration or qualification of or with any governmental agency or body having jurisdiction over the Company is required for the execution and delivery of the Securities of such series by the Company, except such as have been obtained, but no opinion need be expressed as to provincial or state securities or Blue Sky laws.

The Trustee shall have the right to decline to authenticate and deliver any Securities of any series under this Section (other than Securities the form or forms and terms of which shall have been established by supplemental indenture) if the Trustee, being advised by counsel, shall determine that such action may not lawfully be taken or if the Trustee shall in good faith, by resolution of its board of directors, its executive committee or a trust committee of directors or Responsible Officers, determine that such action would expose the Trustee to personal liability to the Holders of the Securities then outstanding or would affect the Trustee's rights, duties or immunities under the Securities of such series or this Indenture in a manner which is not reasonably acceptable to the Trustee.

If the Company shall establish pursuant to section 301 that the Securities of any series are to be issued in the form of one or more Registered Global Securities, then the Company shall execute and the Trustee shall, in accordance with this Section and the Company Order with respect to such series, authenticate and deliver one or more Registered Global Securities that (i) shall be an aggregate principal amount equal to the aggregate principal amount specified in such Company Order, (ii) shall be registered in the name of the Depository therefor or its nominee, (iii) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instructions and (iv) shall bear a legend substantially to the following effect: "Unless and until it is exchanged in whole or in part for Securities in definitive registered form, this Security may not be transferred except as a whole by the Depository to the nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository."

Each Depository designated pursuant to Section 301 must, at the time of its designation and at all times while it serves as Depository, be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and any other applicable statute or regulation.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there shall appear on such Security a certificate of authentication substantially in the form and executed as hereinabove provided, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. No Coupon shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose until the certificate of authentication on the security to which such coupon appertains shall have been duly executed as hereinabove provided.

SECTION 303. Denomination and Date of Securities.

The Securities of each series shall be issuable as Registered Securities or Unregistered Securities in denominations established as provided in Section 301 or, with respect to the Registered Securities of any series if not so established, in denominations of $1,000 and any multiple thereof or, with respect to the Unregistered securities of any series, in denominations of $1,000 and $5,000. The Securities of each series shall be numbered, lettered or otherwise distinguished in such manner or in accordance with such plan as the Officers executing the same may determine with the approval of the Trustee, as evidenced by the execution and authentication thereof.

Each Registered Security shall be dated the date of its authentication. Each Unregistered Security shall be dated as established in or pursuant to the Board Resolution or supplemental indenture referred to in Section 301. The Securities of each series shall bear interest, if any, from the date, and such interest shall be payable on the dates, established in or pursuant to Section 301.

SECTION 304. Temporary Securities.

Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities for such series which are printed, lithographed, typewritten or otherwise produced. Temporary Securities of any series shall be issuable as Registered Securities, or as Unregistered Securities with or without Coupons attached thereto, in any authorized denomination and substantially in the forms of the definitive Securities of such series, but with such omissions, insertions and variations as may be appropriate for temporary Securities, all as may be determined by the Company with the concurrence of the Trustee, as evidenced by the execution and authentication thereof. Temporary Securities may contain such references to any provisions of this Indenture as may be appropriate. Every temporary Security of any series shall be executed by the company and authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Securities of such series. Without unreasonable delay, the Company shall execute and deliver to the Trustee for authentication definitive Securities of such series; and thereupon temporary Registered Securities of such series may be surrendered in exchange for definitive Registered Securities of such series without charge at each office or agency to be maintained for such purpose in accordance with Section 1002, and temporary Unregistered Securities of such series may be

surrendered in exchange for definitive Unregistered Securities of such series, having attached thereto appropriate coupons, if any, without charge at any office or agency to be maintained for such purpose as provided in Section 301. The Trustee shall authenticate and deliver in exchange for temporary Securities of such series so surrendered an equal aggregate principal amount of definitive Securities of such series in authorized denominations. Until so exchanged, the temporary Securities of any series shall be entitled to the same benefits under this Indenture as definitive securities of such series, unless otherwise established pursuant to Section 301. The provisions of this section are subject to any restrictions or limitations on the issue and delivery of temporary Unregistered Securities of any series that may be established pursuant to Section 301 (including any provision that Unregistered Securities of such series initially be issued in the form of a single global Unregistered Security to be delivered to a Depository or agency located outside the United States of America and the procedures pursuant to which definitive Unregistered Securities of such series would be issued in exchange for such temporary global Unregistered Security).

SECTION 305. Registration, Transfer and Exchange.

The Company shall keep, or cause to be kept, at the Corporate Trust Office, or at any office or agency to be maintained by the Company as provided in Section 1002, for each series of Securities issuable as Registered Securities a register (the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company will provide for the registration of Registered Securities of such series and the registration of transfer of Registered Securities of such series. The Security Register shall be in written form in the English language or in any other form capable of being converted into such form within a reasonable time. At all reasonable times, any Securities Register not maintained by the Trustee shall be open for inspection by the Trustee. Unless and until otherwise determined by the company pursuant to Section 301, the Security Register with respect to each series of Securities issuable as Registered securities shall be kept at the Corporate Trust Office and, for this purpose, the Trustee shall be designated the "Security Registrar."

Upon surrender for registration of transfer of any Registered Security of any series at any office or agency to be maintained for such purpose as provided in Section 1002, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees one or more new Registered securities of the same series of like tenor and terms in authorized denominations for a like aggregate principal amount.

Unregistered Securities (except for any temporary global unregistered Securities) and Coupons (except for coupons attached to any temporary global Unregistered Securities) shall be transferable by delivery.

At the option of the Holder thereof, Registered securities of any series (other than a Registered Global security, except as set forth below) may be exchanged for one or more Registered Securities of such series of like tenor and terms in authorized denominations for a like aggregate principal amount, upon surrender of any such Registered Security to be exchanged at the of ice or agency to be maintained for such purpose as provided in Section 1002 and upon payment, if the Company shall so require, of the charges hereinafter provided. At the option of the Holder thereof, if the Securities of any series are issued in both registered and unregistered form, except as otherwise established for a particular series pursuant to section 301, one or more Unregistered Securities of such series may be exchanged for Registered Securities of such series of like tenor and terms in authorized denominations for a like aggregate principal amount, upon surrender of any such Unregistered Security to be exchanged at the office or agency to be maintained for such purpose as provided in Section 1002, with, in the case of Unregistered securities having Coupons attached, all unmatured Coupons and all matured coupons in default thereto appertaining, and upon payment, if the Company shall so require, of the charges hereinafter provided. At the option of the Holder thereof, if Unregistered Securities of any series are issued in more than one authorized denomination, except as otherwise established for a particular series pursuant to Section 301, any such Unregistered security may be exchanged for one or more Unregistered Securities of such series of like tenor and terms in authorized denominations for a like aggregate principal amount, upon surrender of any such Unregistered Securities to be exchanged at the office or agency to be maintained for such purpose as provided in Section 1002 (or as may established for a particular series pursuant to section 301), with, in the case of Unregistered Securities having coupons attached, all unmatured Coupons and all matured Coupons in default thereto appertaining, and upon payment, if the Company shall so require, of the charges hereinafter provided. Unless otherwise established for a particular series pursuant to section 301, Registered Securities of any series may not be exchanged for Unregistered Securities of such series. Whenever securities of any series are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive. All Securities and Coupons surrendered upon any exchange or transfer provided for in this Indenture shall be promptly cancelled and disposed of by the Trustee, and the Trustee shall deliver a certificate of disposition thereof to the Company.

All Registered Securities of any series presented for registration of transfer, exchange, redemption or payment shall (if so required by the Company or the Trustee) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder or his or her attorney duly authorized in writing.

The Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of securities; but unless otherwise provided in the securities to be exchanged or transferred, no service charge shall be made for any such transaction.

The Company shall not be required to (i) issue, exchange or register the transfer of Securities of any series during a period of 15 days next preceding the first mailing or publication of notice of redemption of the Securities of such series to be redeemed, (ii) exchange or register the transfer of any Securities selected for redemption, in whole or in part, except the unredeemed portion of any Security to be redeemed in part or (iii) exchange or register the transfer of any Security if the Holder thereof has exercised any right to require the Company to purchase such Security, in whole or in ,part, except any portion thereof not required to be so purchased.

Notwithstanding any other provision of this Section, unless and until it is exchanged in whole or in part for Securities in definitive registered form, a Registered Global Security representing all or a portion of the Securities of any series may not be transferred except as a whole by the Depository for such Registered Global Security to a nominee of such Depository or by a nominee of such Depository to such Depository or another nominee of such Depository or by such Depository or any such nominee to a successor Depository for such Registered Global Security or a nominee of such successor Depository.

If at any time a Depository for any Registered Securities of a series represented by one or more Registered Global Securities shall notify the Company that it is unwilling or unable to continue as Depository for such Registered Securities or if at any time any such Depository shall no longer be eligible under Section 302, the company shall appoint a successor Depository with respect to the Registered Securities held by such Depository. If a successor Depository shall not be appointed by the Company within 90 days after the Company receives such notice or becomes aware of such ineligibility, the Registered Securities of such series shall no longer be represented by one or more Registered Global Securities held by such Depository; and the Company shall execute, and the Trustee upon receipt of a Company Order shall authenticate and deliver,

in exchange for such Registered Global Securities, Registered Securities of such series in definitive form in authorized denominations for an aggregate principal amount equal to the aggregate principal amount of the Registered Global Securities held by such Depository.

Within seven days after the occurrence of an Event of Default specified in clause (1), (2) or (3) of Section 501 with respect to any series of the Securities, the Company shall execute, and the Trustee upon receipt of a Company Order shall authenticate and deliver, in exchange for Registered Global securities evidencing the Securities of such series, Registered Securities of such series in definitive form in authorized denominations for an aggregate principal amount equal to the aggregate principal amount of such Registered Global Securities.

The Company may at any time, in its sole discretion, determine that the Registered Securities of a particular series shall no longer be represented by Registered Global Securities. In such event, the Company shall execute, and the Trustee upon receipt of a Company order shall authenticate and deliver, in exchange for such Registered Global Securities, Registered securities of such series in definitive form in authorized denominations for an aggregate principal amount equal to the aggregate principal amount of such Registered Global Securities.

If so established by the Company pursuant to section 301 with respect to the securities of a particular series represented by a Registered Global Security, the Depository for such Registered Global security may surrender such Registered Global Security in exchange, in whole or in part, for Registered Securities of such series in definitive form upon such terms as are acceptable to the Company and such Depository. Thereupon, the company shall execute, and the Trustee upon receipt of a Company Order shall authenticate and deliver:

(i) to each Person specified by such Depository, one or more new Registered Securities of such series in authorized denominations requested by such Person for an aggregate principal amount equal to, and in exchange for, such Person's beneficial interest in such Registered Global security; and

(ii) to such Depository, a new Registered Global Security in a denomination equal to the difference between the principal amount of the surrendered Registered Global Security and the aggregate principal amount of the Registered securities authenticated and delivered pursuant to clause (i) above.

Upon the surrender for exchange of any Registered Global Security for Registered Securities in definitive form,

such Registered Global Security shall be promptly cancelled and disposed of by the Trustee, and the Trustee shall deliver a certificate of disposition to the Company. Registered securities in definitive form issued in exchange for a Registered Global Security pursuant to this Section shall be registered in such names and in such authorized denominations as the Depository for such Registered Global Security, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee or an agent of the Company or the Trustee. The Trustee or such agent shall deliver such Registered Securities to or as directed by the Persons in whose names such Registered Securities are so registered.

All Securities issued upon any registration of transfer or exchange of Securities shall be valid obligations of the Company, evidencing the same indebtedness, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Notwithstanding anything herein or in the terms of the Securities of any series to the contrary, none of the Company, the Trustee or any agent of the Company or the Trustee (any of which, other than the Company, shall rely on an Officers' Certificate and an Opinion of Counsel) shall be required to exchange any Unregistered Security of any series for a Registered Security of such series if such exchange would result in adverse United States Federal income tax consequences to the Company (such as, for example, the inability of the Company to deduct from its income, as computed for United States Federal income tax purposes, the interest payable on the Unregistered Securities) under then applicable United States Federal income tax laws.

SECTION 306, Mutilated, Defaced. Destroyed. Lost and Stolen Securities.

In case any temporary or definitive Security or any Coupon appertaining thereto shall become mutilated or defaced or be destroyed, lost or stolen, the Company shall execute, and the Trustee upon receipt of a Company Order shall authenticate and deliver, a new security of the same series of like tenor and terms, bearing a number or other distinguishing symbol not contemporaneously outstanding, in lieu of and substitution for the mutilated, defaced, destroyed, lost or stolen Security, with Coupons corresponding to the Coupons appertaining to the Security so mutilated, defaced, destroyed, lost or stolen, or in lieu of or substitution for the Security to which such mutilated, defaced, destroyed, lost or stolen coupon appertained, with Coupons corresponding to the coupons so mutilated, defaced, destroyed, lost or stolen. In each case, the applicant for a substitute Security or Coupon shall furnish to the Company and to the Trustee and any agent of the Company or the Trustee such security or indemnity as may be required by them to save each of

them harmless and, in each case of destruction, loss or theft, evidence to their satisfaction of the destruction, loss or theft of such Security or Coupon and of the ownership thereof and, in each case of mutilation or defacement, shall surrender the Security and related Coupons to the Trustee or such agent.

Upon the issuance of any substitute Security or Coupon, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee or its agent) connected therewith. In case any Security or Coupon which has matured or is about to mature or has been called for redemption in full shall become mutilated or defaced or be destroyed, lost or stolen, the Company may, instead of issuing a substitute Security, pay or authorize the payment of the same or the relevant Coupon (without surrender thereof except in the case of a mutilated or defaced security or Coupon), if the applicant for such payment shall furnish to the Company and to the Trustee and any agent of the Company or the Trustee such security or indemnity as may be required by them to save each of them harmless, and, in each case of destruction, loss or theft, evidence to their satisfaction of the destruction, loss or theft of such Security or Coupon and of the ownership thereof.

Every substitute Security or Coupon of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security or Coupon shall constitute an additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security or Coupon shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities or Coupons of such series duly authenticated and delivered hereunder. All Securities and Coupons shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, defaced, destroyed, lost or stolen Securities and Coupons and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

SECTION 307. Payment of Interest; Interest Rights Preserved.

Interest on any Registered Security of any series which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name such Registered Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Interest on any Registered Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date ("Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in paragraph (l) or (2) below:

(l) The company may elect to make payment of any Defaulted Interest to the Persons in whose names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, Which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Registered Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this paragraph provided. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of the Registered Securities of such series at his or her address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following paragraph (2).

(2) The Company may make payment of any Defaulted Interest on the Registered Securities of any series in

any other lawful manner not inconsistent with the requirements of any securities exchange on which such Registered Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this paragraph, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Registered Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 308. Persons Deemed owners.

Prior to due presentment of a Registered Security for registration of transfer, the company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Registered Security is registered in the Security Register as the owner of such Registered Security for the purpose of receiving payment of or on account of the principal of (and premium, if any) and (subject to Section 307) interest on such Registered Security and for all other purposes whatsoever, whether or not such Registered Security shall be overdue, and none of the company, the Trustee and any agent of the Company or the Trustee shall be affected by any notice to the contrary. The Company, the Trustee and any agent of the Company or the Trustee may treat the Holder of any Unregistered Security and the Holder of any Coupon as the owner of such Unregistered Security or Coupon for the purpose of receiving payment thereof or on account thereof and for all other purposes whatsoever, whether or not such Unregistered Security or Coupon shall be overdue, and none of the Company, the Trustee and any agent of the Company or the Trustee shall be affected by any notice to the contrary. All such payments so made to any such Person or Holder, or upon the order of any such Person or Holder, shall be valid and, to the extent of the amounts so paid, effectual to satisfy and discharge the indebtedness on any such Security or Coupon.

SECTION 309. Cancellation.

All Securities and Coupons surrendered for payment, redemption, registration of transfer or exchange, or for credit against any payment in respect of any sinking or analogous fund, if surrendered to the Company or any agent of the Company or any agent of the Trustee, shall be delivered to the Trustee for cancellation or, if surrendered to the Trustee, shall be cancelled by it; and no Securities or Coupons shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee shall dispose of

cancelled Securities and Coupons held by it and deliver a certificate of disposition to the Company. If the Company or its agent shall acquire any of the Securities or Coupons, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities or Coupons unless and until the same are delivered to the Trustee for cancellation.

SECTION 310. Computation of Interest.

Except as otherwise established pursuant to Section 301 for the Securities of any series, interest on the Securities of each series shall be computed on the basis of a year of twelve 30-day months. For the purposes of disclosure under the Interest Act (Canada), the yearly rate of interest for any period of less than one year to which interest at a stated rate computed on the basis of a year of 360 days consisting of twelve 30-day months is equivalent is the stated rate multiplied by a fraction of which (1) the numerator is the product of (A) the actual number of days in the calendar year in which the first day of the relevant period falls and (B) the sum of (i) the product of (x) 30 and (y) the number of complete months elapsed in the relevant period and (ii) the actual number of days elapsed in any incomplete month in the relevant period, and (2) the denominator is the product of (A) 360 and (B) the actual number of days in the relevant period.

ARTICLE FOUR

SATISFACTION AND DISCHARGE

SECTION 401. Satisfaction and Discharge of Indenture.

This Indenture shall cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for) after the Trustee, upon company Request and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Securities and Coupons theretofore authenticated and delivered (other than (i) Securities and Coupons which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306 and (ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) all such Securities and Coupons not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of clause (i), (ii) or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose an amount sufficient to pay and discharge the entire indebtedness on such Securities and Coupons not theretofore delivered to the Trustee for cancellation; for principal (and premium, if any) and interest to the date of such deposit (in the case of Securities and Coupons which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 607, the obligations of the Company to any Authenticating Agent under Section 614 and, if money shall have been deposited with the Trustee pursuant to subparagraph (1)(B) of the first paragraph of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive.

SECTION 402. Application of Trust Money.

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Securities, the Coupons and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee.

ARTICLE FIVE

REMEDIES

SECTION 501. Events of Default.

"Event of Default," wherever used herein with respect to the Securities of any series, means any one of the following events which shall have occurred and be continuing (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any interest upon any of the Securities of such series when and as the same shall become due and payable, and continuance of such default for a period of 30 days;

(2) default in the payment of all or any part of the principal of (or premium, if any, on) any of the Securities of such series at its Maturity, and continuance of such default for a period of five days;

(3) default in the deposit of any sinking fund or analogous payment for the benefit of the Securities of such series when and as the same shall become due and payable, and continuance of such default for a period of five days;

(4) default in the performance, or breach, of any covenant or warranty of the Company in the Securities of such series or in this Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifically provided for or which has expressly been included in this Indenture solely for the benefit of the Securities of other series), and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of not less than 25% in aggregate principal amount of the Securities of all series then Outstanding affected thereby a written notice specifying such default or breach, requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder;

(5) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Canadian, United States

Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company a bankrupt or insolvent, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of all or substantially all of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days;

(6) the commencement by the Company of a voluntary case or proceeding under any applicable Canadian, United States Federal or State bankruptcy, insolvency, reorganization or other similar law or the consent by it to the entry of a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Canadian, United States Federal or State bankruptcy, insolvency, reorganization or other similar law, or the consent by it to the appointment of or the taking of possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of all or substantially all of its property, or the making by it of a general assignment for the benefit of creditors; or

(7) any other Event of Default provided in or pursuant to the supplemental indenture or Board Resolution establishing the terms of such series of Securities as provided in section 301 or in the form or forms of Security for such series.

SECTION 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default described in clause (l), (2) or (3) of Section 501 shall have occurred and be continuing with respect to the Securities of any series, then, and in each and every such case, unless the principal of all of the Securities of such series shall have already become due and payable, either the Trustee or the Holders of not less than 25% in aggregate principal amount of the Securities of such series then Outstanding, by notice in writing to the Company (and to the Trustee if given by such Holders), may declare the entire principal of (and premium, if any, on) all the Securities of such series then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable. If an Event of Default described in clause (4) or (7) of Section 501 (if such Event of Default is with respect to less than all series of the Securities then Outstanding) shall have occurred and be continuing with respect to the Securities of one or more series,

then, and in each and every such case, unless the principal of all of the Securities of such affected series shall have already become due and payable, either the Trustee or the Holders of not less than 25% in aggregate principal amount of the securities of all such affected series then outstanding (voting as one class), by notice in writing to the Company (and to the Trustee if given by such Holders), may declare the entire principal of (and premium, if any, on) all the Securities of all such affected series then outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable. If an Event of Default described in clause (4), (5), (6) or (7) of Section 501 (if such Event of Default under is with respect to all series of the Securities then Outstanding) shall have occurred and be continuing, then, and in each and every such case, unless the principal of all Securities shall have already become due and payable, either the Trustee or the Holders of not less than 25% in aggregate principal amount of all the securities then outstanding (voting as one class), by notice in writing to the Company (and to the Trustee if given by such Holders), may declare the entire principal of (and premium, if any, on) all the Securities then outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable.

The preceding paragraph is subject, however, to the condition that if, at any time after the principal of the Securities of one or more series shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the company shall pay or shall deposit with the Trustee a sum sufficient to pay all matured installments of interest upon all the Securities of such series and the principal of (and premium, if any, on) all the Securities of such series which shall have become due otherwise than by acceleration (with interest upon such principal and premium and, to the extent that payment of such interest shall be enforceable under applicable law, on overdue installments of interest at the same rate as the rate of interest (or Yield to Maturity, in the case of original Issue Discount securities) specified in the Securities of such series, to the date of such payment or deposit) and such amount as shall be sufficient to cover the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, except as a result of negligence or bad faith, and if any and all Events of Default under this Indenture with respect to such series, other than the non-payment of the principal of (and premium, if any, on) the Securities of such series which shall have become due by acceleration, shall have been cured, waived or otherwise remedied as provided herein -- then, and in each and every such case, the Holders of a majority in aggregate principal amount of all the Securities of such affected series then Outstanding (voting as one class, except in

the case of Events of Default described in clauses (1), (2) and (3) of section 501, in which case each series of Securities as to which such an Event of Default shall have occurred shall vote as a separate class), by written notice to the Company and to the Trustee, may waive all defaults or breaches with respect to such series and rescind and annul such declaration and its consequences, but no such waiver, rescission and annulment shall extend to or shall affect any subsequent default or breach or shall impair any right consequent thereon.

For all purposes under this Indenture, if a portion of the principal of any Original Issue Discount Securities shall have been accelerated and declared due and payable pursuant to the provisions hereof, then, from and after such declaration, unless such declaration shall have been rescinded and annulled, the principal amount of such Original Issue Discount Securities shall be deemed, for all purposes hereunder, to be such portion of the principal thereof as shall be due and payable as a result of such declaration; and payment of the portion of the principal thereof as shall have become due and payable as a result of such declaration, together with interest, if any, thereon and all other amounts owing thereunder, shall constitute payment in full of such Original Issue Discount Securities.

SECTION 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The company covenants that if:

(1) default shall be made in the payment of any interest on any of the Securities of any series when and as such interest shall become due and payable, and such default shall have continued for a period of 30 days, or

(2) default shall be made in the payment of the principal of (or premium, if any, on) any of the Securities of any series at the Maturity thereof,

the Company shall, upon demand of the Trustee, pay to it, for the benefit of the Holders of the Securities of such series, the whole amount then due and payable on such Securities, including all Coupons appertaining thereto, for principal (and premium, if any) and interest (with interest to the date of such payment upon overdue principal and premium and, to the extent that payment of such interest shall be enforceable under applicable law, on overdue installments of interest at the same rate as the rate of interest (or Yield to Maturity, in the case of Original Issue Discount Securities) specified in the Securities of such series); and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements

and advances of the Trustee, its agents and counsel, except as a result of negligence or bad faith.

Until such demand shall be made by the Trustee, the company may pay the principal of (and premium, if any) and interest on the Securities of such series to the Holders, whether or not the Securities of such series shall be overdue.

If the Company shall fail to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute judicial proceedings for the collection of the amounts so due and unpaid, may prosecute such proceedings to judgment or final decree and may enforce the same against the Company or any other obligor upon the Securities of such series and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to the Securities of any series shall occur and be continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of the Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 504. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities of any series or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities of any series shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal (and premium, if any) and interest (or if the Securities of any series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of such series) owing and unpaid in respect of the Securities of each series, and to file such other papers or documents as may be necessary or advisable in

order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, except as a result of negligence or bad faith) and of the Holders allowed in such judicial proceeding, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, except as a result of negligence or bad faith, and any other amounts due the Trustee under Section 607.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities of any series or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 505. Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture, or under the Securities of any series or any Coupons appertaining thereto, may be prosecuted and enforced by the Trustee without the possession of any of the Securities of such series or such Coupons or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, except as a result of negligence or bad faith, be for the ratable benefit of the Holders of the Securities and coupons in respect of which such judgment has been recovered.

In any proceedings brought by the Trustee (and also in any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party), the Trustee shall be held to represent all the Holders of the Securities and Coupons appertaining thereto in respect to which

action was taken, and it shall not be necessary to make any Holders of such Securities or Coupons parties to any such proceedings.

SECTION 506. Application of Moneys Collected.

Any moneys collected by the Trustee pursuant to this Article in respect of the Securities of any series shall be applied in the following order, at the date or dates fixed by the Trustee and, in the case of any distribution of such moneys on account of the principal of (or premium, if any) or interest on the Securities of such series, upon presentation of the several Securities and Coupons appertaining thereto in respect of which moneys have been collected and the notation thereon of such distribution if such principal, premium and interest be only partially paid or upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under section 607;

SECOND: In case the principal of the Securities of such series shall not then be due and payable, to the payment of interest on the Securities of such series in the order of the maturity of the installments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue installments of interest at the same rate as the rate of interest (or Yield to Maturity, in the case of Original Issue Discount Securities) specified in such Securities, such payments to be made ratably to the Persons entitled thereto, without preference or priority;

THIRD: In case the principal of the Securities of such series shall then be due and payable, to the payment of the whole amount then owing and unpaid upon all the Securities of such series for principal (and premium, if any) and interest, with interest upon overdue principal and premium, and, to the extent that such interest has been collected by the Trustee, upon overdue installments of interest at the same rate as the rate of interest (or Yield to Maturity, in the case of Original Issue Discount Securities) specified in the Securities of such series; and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon the Securities of such series, then to the payment of such principal, premium and interest, without preference or priority of principal or premium over interest, or of interest over principal or premium, or of any installment of interest over any other installment of interest, or of any Security of such series, ratably to the aggregate of such principal, premium and interest; and

FOURTH: To the Company or any other Person lawfully entitled thereto,

SECTION 507. Limitation on Suits.

No Holder of any Security of any series or of any Coupon shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official, or for any other remedy hereunder, unless:

(l) such Holder shall have previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of such series;

(2) the Holders of not less than 25% in aggregate principal amount of the Securities of each affected series then Outstanding (determined as provided in Section 502 and voting as one class) shall have made written request to the Trustee to institute such proceeding in its own name as Trustee hereunder;

(3) such Holder or Holders shall have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute such proceeding; and

(5) no direction inconsistent with such written request shall have been given to the Trustee during such 60-day period by the Holders of a majority in aggregate principal amount of the securities of each affected series then Outstanding (determined as provided in Section 502 and voting as one class);

it being understood and intended that no one or more of Holders of Securities of any series or Coupons appertaining thereto shall have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder of the Securities or the Coupons, or to obtain or to seek to obtain preference or priority over any other such Holder or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Holders of Securities of the affected series and Coupons.

SECTION 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture or any provision of any Security of any series, the Holder of a Security of any series or Coupon appertaining thereto shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and (subject to Section 307) interest on such Security or Coupon on the Stated Maturity or Stated Maturities expressed in such Security or Coupon or, in the case of redemption, on the Redemption Date and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 509. Restoration of Rights and Remedies.

In case the Trustee or any Holder shall have proceeded to enforce any right or remedy under this Indenture and such proceeding shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or to such Holder, then, and in every such case, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder: and all rights, remedies and powers of the company, the Trustee and the Holders shall continue as though no such proceeding had been taken.

SECTION 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, defaced, destroyed, lost or stolen Securities and Coupons *in* the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of Securities or Coupons to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 512. Control by Holders.

The Holders of a majority in aggregate principal amount of the Securities of each series affected at the time Outstanding (determined as provided in Section 502 and voting as one class) shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to. the Securities of such affected series, provided that:

(1) such direction shall not be in conflict with any rule of law or with this Indenture;

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

(3) subject to Section 601, the Trustee need not take any action which might involve the Trustee in personal liability or be unduly prejudicial to the Holders of the Securities of the affected series not joining in the giving of such direction.

SECTION 513. Waiver of Past Defaults.

Prior to the declaration of acceleration of the Maturity of any Securities as provided by Section 502, the Holders of not less than a majority in aggregate principal amount of the Securities of all series at the time outstanding with respect to which a default or breach or an Event of Default shall have occurred and be continuing (determined as provided in Section 502 and voting as one class) may on behalf of the Holders of all such affected Securities waive any past default or breach or Event of Default and its consequences, except a default or breach or Event of Default

(i) in the payment of the principal of (or premium, if any) or interest on any Security of such affected series, or

(ii) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Security affected.

Upon any such waiver, such default or breach shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture, but no such waiver shall extend to any subsequent or

other default or breach or Event of Default or impair any right consequent thereon.

SECTION 514. Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Security or Coupon by acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to (i) any suit instituted by the Company, (ii) any suit instituted by the Trustee, (iii) any suit instituted by any Holder, or group of Holders, of the Securities of any series holding in the aggregate more than 10% in aggregate principal amount of the Securities of such series, or, in the case of any suit relating to or arising under clause (4) or (7) of Section 501 (if the suit relates to the Securities of more than one but less than all series then outstanding), 10% in aggregate principal amount of the Securities then outstanding and affected thereby, or, in the, case of any suit relating to or arising under clause (4) or (7) (if the suit relates to all the securities then outstanding) or clause (5) or (6) of Section 501, 10% in aggregate principal amount of all Securities then outstanding or (iv) any suit instituted by any Holder for the enforcement of the payment of the principal of (or premium, if any) or interest (including interest evidenced by a coupon) on any Security on or after the Stated Maturity or Stated Maturities expressed in such Security or Coupon or, in the case of redemption, on or after the Redemption Date.

SECTION 515. Waiver of Stay or Extension Laws.

The Company covenants (to the fullest extent that it may lawfully do so) that it will not at any time insist upon,or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the fullest extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX

THE TRUSTEE

SECTION 601. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default with respect to the Securities of a particular series shall have occurred and be continuing, the Trustee shall exercise with respect to the Securities of such series such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) this subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with an appropriate direction

of the Holders pursuant to Section 512 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any personal financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 602. Notice of Defaults.

Within 90 days after the occurrence of any default hereunder with respect to the Securities of any series, the Trustee shall give notice of all defaults with respect to the Securities of such series known to the Trustee (i) if any unregistered Securities of such series are then Outstanding, to the Holders thereof by publication at least once in an Authorized Newspaper in the Borough of Manhattan, The City of New York, London and, if required by Section 1009, Luxembourg, (ii) if any Unregistered Securities of such series are then outstanding, to the Holders thereof who have filed their names and addresses with the Trustee pursuant to Section 703(c) by mailing such notice to such Holders at such addresses and (iii) if any Registered Securities of such series are then outstanding, to the Holders thereof by mailing such notice to such Holders at their addresses as they shall appear on the Security Register, unless in each case such defaults shall have been cured before the mailing or publication of such notice; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any of the Securities of such series, or in the payment of any sinking fund or analogous payment with respect to the Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders of the Securities of such series; and provided further that in the case of any default of the character specified in Section 501(4) with respect to Securities of such series, no such notice to the Holders shall be given until at least 30 days after the occurrence thereof. For

the purpose of this Section, the tern "default" means any event or condition which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

SECTION 603. Certain Rights of Trustee.

Subject to the provisions of Section 601:

(l) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, Officers' Certificate or other certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, Coupon, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(2) any order, request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(3) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(4) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(5) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(6) prior to the occurrence of an Event of Default with respect to the Securities of any series and after the curing or waiving of all such Events of

Default which may have occurred, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, Coupon, other evidence of indebtedness or other paper or document, or any investigation of the books and records of the Company, unless requested in writing to do so by the Holders of not less than a majority in aggregate principal amount of the Securities of affected series then Outstanding; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is not, in the opinion of the Trustee, reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such costs, expenses or liabilities as a condition to so proceeding; the reasonable expenses of every such investigation shall be paid by the Company or, if paid by the Trustee, shall be repaid by the Company upon demand; and

(7) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

SECTION 604. Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities or Coupons. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Company of any of the Securities or Coupons or of the proceeds thereof.

SECTION 605. May Hold Securities.

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company, in its individual or in any other capacity, may become the owner or pledgee of the Securities or Coupons and, subject to Sections 608 and 613, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

SECTION 606. Moneys Held in Trust.

Moneys held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

SECTION 607. Compensation and Reimbursement.

The Company agrees:

(1) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(3) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

The provisions of this Section 607 shall survive the satisfaction and discharge of this Indenture.

SECTION 608. Disqualification; Conflicting Interests.

(a) If the Trustee has or shall acquire any conflicting interest, as defined in this Section, with respect to the Securities of any series, it shall, within 90 days after ascertaining that it has such conflicting interest, unless the default (as defined in Subsection (d)(7) of this Section) to which such conflicting interest relates shall have been cured or duly waived or otherwise eliminated before the end of such 90-day period, either eliminate such conflicting interest or, except as otherwise provided in this Section, resign with respect to the

Securities of such series in the manner and with the effect hereinafter specified in this Article.

(b) In the event that the Trustee shall fail to comply with the provisions of Subsection (a) of this Section with respect to the Securities of any series, the Trustee shall, within 10 days after the expiration of such 90-day period, transmit by mail notice of such failure to the Holders of such series in the manner and to the extent required by section 703(c) and, if any Unregistered Securities are then outstanding, shall publish notice of such failure at least once in an Authorized Newspaper in the Borough of Manhattan, The City of New York.

(c) For the purposes of this Section, the Trustee shall be deemed to have a conflicting interest with respect to the Securities of any series if the Securities of such series are in default and:

(1) the Trustee is trustee under this Indenture with respect to the Outstanding Securities of any other series or is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the Company are outstanding, unless such other indenture is a collateral trust indenture under which the only collateral consists of Securities issued under this Indenture, provided that there shall be excluded from the operation of this paragraph this Indenture with respect to the Securities of any other series and such other indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Company are outstanding, if:

(i) this Indenture and such other indenture or indentures (and all series of securities issuable thereunder) are wholly unsecured and rank equally, and such other indenture or indentures are hereafter qualified under the Trust Indenture Act, unless the Commission shall have found and declared by order pursuant to Section 305(b) or Section 307(c) of the Trust Indenture Act that differences exist between the provisions of this Indenture with respect to Securities of such series, the provisions of the Outstanding Securities of such series and the outstanding Securities of one or more other series and one or more other series or the provisions of such other indenture or indentures (or any series of securities issuable thereunder) which are so likely to

involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to the Securities of such series and such other series or under such other indenture or indentures, or

(ii) the Company shall have sustained the burden of proving, on application to the Commission and after opportunity for hearing thereon, that trusteeship under this Indenture with respect to the Securities of such series and such other series or such other indenture or indentures (or with respect to more than one outstanding series under such other indenture or indentures) is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to the Securities of such series and such other series or under such other indenture or indentures (or with respect to more than one outstanding series under such other indenture or indentures);

(2) the Trustee or any of its directors or executive officers is an underwriter for an obligor upon the Securities of any series;

(3) the Trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with an underwriter for an obligor upon the securities of any series;

(4) the Trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee or representative of the Company, or of an underwriter (other than the Trustee itself) for the Company who is currently engaged in the business of underwriting, except that (i) one individual may be a director or an executive officer, or both, of the Trustee and a director or an executive officer, or both, of the Company but may not be at the same time an executive officer of both the Trustee and the Company; (ii) if and so long as the number of directors of the Trustee in office is more than nine, one additional individual may be a director or an executive officer, or both, of the Trustee and a director of the Company; and (iii) the Trustee may be

designated by the Company or by any underwriter for the Company to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent or depositary, or in any other similar capacity, or, subject to the provisions of Subsection(c) (1), to act as trustee, whether under an indenture or otherwise;

(5) 10% or more of the voting securities of the Trustee is beneficially owned either by the Company or by any director, partner or executive officer thereof, or 20% or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or 10% or more of the voting securities of the Trustee is beneficially owned either by an underwriter for the Company or by any director, partner or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

(6) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), (i) 5% or more of the voting securities, or 10% or more of any other class of security, of the Company not including the Securities issued under this Indenture and securities issued under any other indenture under which the Trustee *is* also trustee, or (ii) 10% or more of any class of security of an underwriter for the Company;

(7) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which *is* in default, 5% or more of the voting securities of any person who, to the knowledge of the Trustee, owns 10% or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, the Company;

(8) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, 10% or more of any class of security of any. person who, to the knowledge of the Trustee, owns 50% or more of the voting securities of the Company;

(9) the Trustee owns, on the date of default upon the Securities of such series or any anniversary of such default while such default shall be continuing, in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25% or more of the voting securities, or of any class of security, of any person, the beneficial

ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), (7) or (8) of this Subsection. As to any such securities of which the Trustee acquired ownership through becoming executor, administrator or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply, for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25% of such voting securities or 25% of any such class of security. Promptly after the date of any such default upon the Securities of such series and annually in each succeeding year that the Securities of such series remain in default, the Trustee shall make a check of its holding of such securities in any of the above-mentioned capacities as of such dates. If the Company fails to make payment in full of the principal of (or premium, if any) or interest on any of the Securities when and as the same becomes due and payable, and such failure continues for 30 days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such 30-day period, and after such date, notwithstanding the foregoing provisions of this paragraph, all such securities so held by the Trustee, with sole or joint control over such securities vested in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by the Trustee for the purposes of paragraphs (6), (7) and (8) of this Subsection; or

(10) except under the circumstances described in paragraphs (1), (3), (4), (5) and (6) of Section 613(b), the Trustee shall be or shall become a creditor of the Company.

For the purposes of paragraph (1) of this Subsection, Sections 512 and 513 and the definition of the term "Outstanding," the term "series of securities" or "series" means a series, class or group of securities issuable under an indenture pursuant to whose terms holders of one such series may vote to direct the indenture trustee, or otherwise take action pursuant to a vote of such holders, separately from holders of another such series, provided that "series of securities" or "series" shall not include any series of securities issuable under an indenture if all such series rank equally and are wholly unsecured.

The specification of percentages in paragraphs (5) to (9), inclusive, of this Subsection shall not be construed as indicating that the ownership of such percentages of the

securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraph (3) or (7) of this Subsection.

For the purposes of paragraphs (6), (7), (8) and (9) of this subsection only, (i) the terns "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by o e or more banks, trust companies or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness; (ii) an obligation shall be deemed to be "in default" when a default in payment of principal shall have continued for 30 days or more and shall not have been cured; and (iii) the Trustee shall not be deemed to be the owner or holder of (A) any security which it holds as collateral security, as trustee or otherwise, for an obligation which is not in default as defined in clause (ii) above, or (B) any security which it holds as collateral security under this Indenture, irrespective of any default hereunder, or (C) any security which it holds as agent for collection, or as custodian, escrow agent or depositary, or in any similar representative capacity.

(d) For the purposes of this Section:

(1) The term "underwriter," when used with reference to the Company, means every person who, within one year prior to the time as of which the determination is made, has purchased from the Company with a view to, or has offered or sold for the Company in connection with, the distribution of any security of the Company outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

(2) The term "director" means any director of a corporation or any individual performing similar functions with respect to any organization, whether incorporated or unincorporated.

(3) The term "person" means an individual, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization or a government or political subdivision thereof. As used in this paragraph, the term "trust" shall include

only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(4) The term "voting security" means any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person.

(5) The term “Company” means any obligor upon the securities.

(6) The term "executive officer" means the president, every vice president, every trust officer, the cashier, the secretary and the treasurer of a corporation, and any individual customarily performing similar functions_ with respect to any organization, whether incorporated or unincorporated, but shall not include the chairman of the board of directors.

(7) The term "default" shall mean, with respect to the Securities of any series, an Event of Default in respect thereof (exclusive of any period of grace or requirement of notice).

(e) Except in the case of a default in the payment of the principal of (and premium, if any) or interest on the Securities of any series, or in the payment of any sinking fund or analogous payment, the Trustee shall not be required to resign as provided by this Section if the Trustee shall have sustained the burden of proving, on application to the Commission and after opportunity for hearing thereon, that:

(1) the default under this Indenture may be cured or waived during a reasonable period and under the procedures described in such application, and

(2) a stay of the Trustee's duty to resign will not be inconsistent with the interests of the Holders of the Securities of the applicable series.

The filing of such an application shall automatically stay the performance of the duty to resign until the Commission orders otherwise.

(f) The percentages of voting securities and other securities specified *in* this Section shall be calculated in accordance with the following provisions:

(l) A specified percentage of the voting securities of the Trustee, the Company or any other person referred to in this Section (each of whom is referred to as a "person" in this paragraph) means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

(2) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding.

(3) The term "amount," when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares and the number of units if relating to any other kind of security.

(4} The term "outstanding" means issued and not held by or for the account of the issuer. The following securities shall not be deemed outstanding within the meaning of this definition:

(i) securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;

(ii) securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(iii) securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise; and

(iv) securities held in escrow if placed in escrow by the issuer thereof;

provided, however, that any voting securities of an issuer shall be deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof.

(5) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges; provided, however, that, in the case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes; and provided, further that, in the case of unsecured evidences of indebtedness, differences in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

SECTION 609. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder for each series of Securities which shall be either (i) a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers and subject to supervision or examination by United States Federal or state authority, or (ii) a corporation or other Person organized and doing business under the laws of any other government which is permitted to act as Trustee pursuant to any rule, regulation or order of the commission, authorized under such laws to exercise corporate trust powers and subject to supervision or examination by an authority of such government, or a political subdivision thereof, substantially equivalent to the supervision or examination applicable to an institution described in clause (i) above, in each case having a combined capital and surplus of at least $50,000,000 and its Corporate Trust Office in Chicago, Illinois or New York, New York, if there shall be such a corporation or other Person in such location willing to act upon customary and reasonable terms. If such corporation or other Person publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such corporation or other Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Neither the Company nor any Person directly or indirectly controlling, controlled by or under common control with the Company shall serve as Trustee. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this section, the Trustee shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 610. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 611.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 611 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in aggregate principal amount of the Securities of such series then Outstanding delivered to the Trustee and to the company.

(d) If at any time:

(1) the Trustee shall fail to comply with Section 608(a) with respect to the Securities of any series after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security of such series for at least six months; or

(2) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Company or by any such Holder; or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case (i) the company by a Board Resolution may remove the Trustee with respect to the Securities of any or all series, as appropriate, or (ii) subject to Section 514, any Holder who has been a bona fide Holder of a Security of an affected series for at least six months may, on behalf of such Holder and all other Holders similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of such series (it being understood that any such successor Trustee may be appointed with respect to the securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 611. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in aggregate principal amount of the securities of such series then Outstanding delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 611, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company with respect to the Securities of such series. If no successor Trustee with respect to the securities of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 611, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of such Holder and all other. Holders similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(f) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series (i) if any Unregistered Securities of any affected series are then Outstanding, to the Holders thereof by publication of such notice at least once in an Authorized Newspaper in the Borough of Manhattan, The City of New York, London and, if required by Section 1009, Luxembourg, (ii) if any Unregistered Securities of any affected series are then Outstanding, to the Holders thereof who have filed their names and addresses with the Trustee pursuant to Section 703(c) by mailing such notice to such Holders at such addresses (and the Trustee shall make such addresses available to the Company for such purpose) and (iii) if any Registered Securities of any affected series are then Outstanding, to the Holders thereof by mailing such notice to such Holders at their addresses as they shall appear on the Security Register. If the Company shall fail to give such notice within 10 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be given at the expense of the company.

Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its corporate Trust Office.

SECTION 6ll. Acceptance of Appointment by Successor.

(a) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more series, each successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee with respect to such applicable series of the Securities shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to such applicable series; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges then unpaid, execute, acknowledge and deliver an instrument transferring to such successor Trustee all such rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but less then all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute, acknowledge and deliver an indenture supplemental hereto in which each successor Trustee shall accept such appointment and which shall (i) contain such provisions as shall be deemed necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of each series to which the appointment of such successor Trustee relates, (ii) if the retiring Trustee shall not be retiring with respect to the Securities of all series, contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of the series as to which the retiring Trustee shall not be retiring shall continue to be vested in the retiring Trustee and (iii) add to or change any of the provisions of this Indenture to the extent necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture, the resignation or removal of the retiring Trustee shall become effective to the

extent provided therein, and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of each series to which the appointment of such successor Trustee relates, and such retiring Trustee shall duly assign, transfer and deliver to each successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of each series to which the appointment of such successor Trustee relates.

(c) Upon request of any sue successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be,

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 612. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as though such successor Trustee had itself authenticated such Securities.

SECTION 613. Preferential Collection of Claims Against Company.

(a) Subject to Subsection (b) of this Section, if the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Company within three months prior to a default, as defined in Subsection (c) of this Section, or subsequent to such a default, then, unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the Holders of the securities and Coupons and the holders of other indenture securities, as defined in Subsection (c) of this Section:

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such three months' period and valid as against the Company and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in clause (2) of this Subsection, or from the exercise of any right of set-off which the Trustee could have exercised if a petition in bankruptcy had been filed by or against the Company upon the date of such default; and

(2) all property received by the Trustee in respect of any claim as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such three months' period, or an amount equal to the proceeds of any such property if disposed of, subject, however, to the rights, if any, of the Company and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of the Trustee:

(A) to retain for its own account (i) payments made on account of any such claim by any person (other than the Company) who is liable thereon, (ii) the proceeds of the bona fids sale of any such claim by the Trustee to a third Person, and (iii) distributions made in cash, securities or other property in respect of claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such three months' period;

(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such three months' period and such property was received as security therefor simultaneously with the creation thereof, and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default, as defined in Subsection (c) of this Section, would occur within three months; or

(D) to receive payment on any claim referred to in clause (B) or (C) of this Subsection, against the release of any property held as security for such claim as provided in such clause (B) or (C), as the case may be, to the extent of the fair value of such property.

For the purposes of clauses (B), (C) and (D) of this Subsection, property substituted after the beginning of such three months' period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such clauses is created in renewal of or in substitution for or for the purpose of repaying or refunding any pre-existing claim of the Trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned among the Trustee, the Holders and the holders of other indenture securities in such manner that the Trustee, the Holders and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, the same percentage of their respective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from the company of the funds and property in such special account and before crediting to the respective claims of the Trustee, the Holders and the holders of other indenture securities dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, whether such distribution is made in cash, securities or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership or proceedings for reorganization is pending shall have jurisdiction (i) to apportion among the Trustee, the Holders and the holders of other indenture securities, in accordance with the provisions of this paragraph, the funds and property held in such special account and proceeds thereof, or (ii) in lieu of such apportionment, in

whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to the Trustee, the Holders and the holders of other indenture securities with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any Trustee which has resigned or been removed after the beginning of such three months' period shall be subject to the provisions of this subsection as though such resignation or removal had not occurred. If any Trustee has resigned or been removed prior to the beginning of such three months' period, it shall be subject to the provisions of this Subsection if and only if the following conditions exist:

(i) the receipt of property or reduction of claim, which would have given rise to the obligation to account, if such Trustee had continued as Trustee, occurred after the beginning of such three months' period; and

(ii) such receipt of property or reduction of claim occurred within three months after such resignation or removal.

In any case commenced under the Bankruptcy Act of July 1, 1898, or any amendment thereto enacted prior to November 6, 1978, all references above to periods of three months shall be deemed to be references to periods of four months.

(b) There shall be excluded from the operation of Subsection (a) of this section a creditor relationship arising from:

(l) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;

(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction or by this Indenture for the purpose of preserving any property which shall at any time be subject to the lien of this Indenture or of discharging tax liens or other prior liens or encumbrances thereon, if notice of such advances and of the circumstances surrounding the making thereof is given to the Holders at the time and in the manner provided in this Indenture;

(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depositary, or other similar capacity;

(4) an indebtedness created as a result of services rendered or premises rented, or an indebtedness created as a result of goods or securities sold in a cash transaction, as defined in Subsection (c) of this Section:

(5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25(a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of the Company; and .

(6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper, as defined in Subsection (c) of this Section.

(c) For the purposes of this Section only:

(1) the term "default" means any failure to make payment in full of the principal of or interest upon any of the securities or upon the other indenture securities when and as such principal or interest becomes due and payable;

(2) the term "other indenture securities" means securities upon which the Company is an obligor outstanding under any other indenture (i) under which the Trustee is also trustee, (ii) which contains provisions substantially similar to the provisions of this Section, and (iii) under which a default exists at the time of the apportionment of the funds and property held in such special account;

(3) the term "cash transaction" means any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand;

(4) the term "self-liquidating paper" means any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Company for the purpose of financing the purchase, processing,

manufacture, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee simultaneously with the creation of the creditor relationship with the company arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation:

(5) the term "Company" means any obligor upon the Securities; and

(6) the term "Federal Bankruptcy Act" means the Bankruptcy Act or Title 11 of the United States Code.

SECTION 614. Appointment of Authenticating Agent.

So long as any of the Securities remain Outstanding, the Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of the Securities which shall be authorized to act on behalf of, and subject to the direction of, the trustee to authenticate the Securities of such series, including Securities issued upon exchange, registration of transfer or partial redemption thereof or pursuant to Section 306; and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as though authenticated by the Trustee. Wherever reference is made in this Indenture to the authentication and delivery of the Securities of any series by the Trustee or to the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by any Authenticating Agent for such series and a certificate of authentication executed on behalf of the Trustee by such Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any state thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by Federal or State authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this section the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of

this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate agency or corporate trust business of any Authenticating Agent, shall be the successor to such Authenticating Agent with respect to all series of the Securities for which it served as Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or such Authenticating Agent.

Any Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the appointment of any Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such notice of resignation or upon such termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall provide notice of such appointment to all Holders of the Securities affected thereby in the manner provided in Section 611 with respect to the appointment of a successor Trustee. Any successor Authenticating Agent, upon acceptance of its appointment hereunder, shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as though originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services hereunder.

ARTICLE SEVEN

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 701. Company to Furnish Trustee Names and Addresses of Holders.

The Company will furnish or cause to be furnished to the Trustee:

(1) semi-annually, not later than January 1 and July 1 in each year, a list, in, such form as the

Trustee may reasonably require, of the names and addresses of the Holders of the Registered securities of each series as of the preceding December 15 or June. 15, as the case may be; and

(2) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list in similar form and content as of a date not more than 15 days prior to the date such list is furnished;

provided, however, that so long as the Trustee shall be the security Registrar for any series and all of the Securities of such series are Registered Securities, no such list shall be required to be furnished.

SECTION 702. Preservation of Information: Communications to Holders.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the Holders of the Registered Securities of each series (i) contained in the most recent list furnished to it as provided in section 701, (ii) received by it in the capacity of Security Registrar for such series, if so acting, and (iii) filed with it within the two preceding years pursuant to Section 703 (c)(ii). The Trustee may destroy any list furnished to it as provided in Section 701 upon receipt of a new list so furnished.

(b) If three or more Holders (in this Section referred to as "applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned a security for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with the other Holders of the securities of a particular series (in which case the applicants must all hold Securities of such series) or with the Holders of the Securities of all series with respect to their rights under this Indenture or under such Securities and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five Business Days after the receipt of such application, at its election, either

(i) afford such applicants access to the information preserved at the time by the Trustee in accordance with section 702(a), or

(ii) inform such applicants as to the approximate number of Holders of Registered securities of such series or of all Registered Securities, as the case may be, whose names and addresses appear in the information

preserved at the time by the Trustee in accordance with Section 702(a), and as to the approximate cost of mailing to such Holders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Holder of the Registered Securities of such series or to each Holder of the Registered Securities of all series, as the case may be, whose name and address shall appear in the information preserved at the time by the Trustee in accordance with Section 702(a), a copy of the form of proxy or other communication which is specified in such request with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender the Trustee shall mail to such applicants and file with the Commission, together with a copy of the material proposed to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the Holders of the Registered Securities of such ,series or of all series, as the case may be, or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Holders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Every Holder of the Securities and the Coupons, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of the Company or the Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with Section 702(b), regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Section 702(b).

SECTION 703. Reports by Trustee.

(a) Within 60 days after May 15 of each year, commencing with the year 1992, the Trustee shall transmit by mail to all Holders of each series, as provided in Subsection (c) of this Section, a brief report dated as of such May 15 with respect to any of the following events which may have occurred within the previous 12 months (but if no such event has occurred within such period, no report need be transmitted):

(1) any change in its eligibility under Section 609 or its qualification under Section 608;

(2) the creation of or any material change to a relationship specified in paragraphs (1) through (10) of Section 608(c);

(3) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Securities of such series, on any property or funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to report such advances if such advances so remaining unpaid aggregate not more than of 1% of the principal amount of the securities of such series Outstanding on the date of such report;

(4) the amount, interest rate and maturity date of all other indebtedness owing by the Company (or by any other obligor on the Securities) to the Trustee in its individual capacity on the date of such report, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor relationship arising in any manner described in Section 613(b)(2), (3), (4) or (6);

(5) any change to the property and funds, if any, physically in the possession of the Trustee (as such) on the date of such report;

(6) any additional issue of Securities which the Trustee has not previously reported; and

(7) any action taken by the Trustee in the performance of its duties hereunder which it has not previously reported and which in its opinion materially affects the Securities of such series, except action in respect of a default, notice of which has been or is to

be withheld by the Trustee in accordance with Section 602.

(b) The Trustee shall transmit by mail to the Holders of each series, as provided in Subsection (c) of this Section, a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) since the date of the last report transmitted pursuant to Subsection (a) of this section (or if no such report has yet been so transmitted, since the date of execution of this instrument) for the reimbursement of which it claims or may claim a lien or charge, prior to that of the securities of such series, on property or funds held or collected by it as Trustee and which it has not previously reported pursuant to this Subsection, except that the Trustee shall not be required (but may elect) to report such advances if such advances remaining unpaid at any time aggregate 10% or less of the principal amount of the Securities of such series Outstanding at such time, such report to be transmitted within 90 days after such time.

(c) Reports pursuant to this section shall be transmitted by mail:

(i} to all Holders of the Registered Securities of each series, as the names and addresses of such Holders appear upon the Security Register;

(ii) to such other Holders of the Securities of any series as have, within two years preceding such transmission, filed their names and addresses with the Trustee for such purpose; and

(iii) except in the case of reports pursuant to Subsection (b), to each Holder of a security of any series whose name and address are preserved at the time by the Trustee as provided in Section 702(a).

(d) A copy of each such report shall, at the time of such transmission to the Holders, be filed by the Trustee with each stock exchange upon which the Securities of any series are listed, with the Commission and with the Company. The Company will notify the Trustee when the Securities of any series are listed on any stock exchange.

SECTION 704. Reports by Company.

The Company shall:

(1) file with the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended; or if the Company is not required to file information, documents or reports pursuant to either of such sections, then it shall file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934, as amended, in respect of a debt security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(3) transmit by mail to all Holders, within 30 days after the filing thereof with the Trustee, in the manner and to the extent provided in Section 703(c), such summaries of any information, documents and reports required to be filed by the Company pursuant to clauses (1) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

ARTICLE EIGHT

CONSOLIDATION, MERGER, LEASE, SALE OR TRANSFER

SECTION 801. Company May Consolidate, Etc. on Certain Terms.

The Company shall not enter into any transaction (whether by way of reconstruction, reorganization, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertakings, property and assets would become the property of any Person or, in the case of

amalgamation, of the continuing corporation resulting therefrom unless, but may do so if:

(1) such other Person or continuing corporation shall be a corporation (in this Article Eight called the "Successor Corporation") incorporated under the laws of Canada or any province thereof:

(2) the Successor Corporation, by operation of law, shall become, without more, bound by the terms and provisions of this Indenture, the Securities of every series and the Coupons, if any, appertaining thereto or, if not so bound, shall execute, prior to or contemporaneously with the consummation of such transaction, an indenture supplemental hereto and such other instruments, if any, as shall be satisfactory to the Trustee and, in the opinion of counsel, necessary or advisable to evidence the assumption by the Successor Corporation of liability for the due and punctual payment of the Securities of every series and the interest thereon and all other moneys payable hereunder and the covenant of the Successor Corporation to pay the same and its agreement to observe and perform all the covenants and obligations of the Company under this Indent re: and

(3) no condition or event shall exist in respect of the Successor Corporation at the time of such transaction and after giving full effect thereto which constitutes or, after notice or lapse of time or both, would constitute an Event of Default.

SECTION 802. Supporting Documents.

The Company shall deliver promptly an Officers' Certificate and an Opinion of Counsel which the Trustee shall, subject to the provisions of Section 601, be fully protected in relying upon as conclusive evidence that any such reconstruction, reorganization, consolidation, amalgamation, merger, transfer, sale, lease or other conveyance complies with the foregoing conditions and provisions of this Article.

SECTION 803. Successor Corporation Substituted.

Upon any reconstruction, reorganization, consolidation, amalgamation, merger, transfer, sale, lease or other conveyance in accordance with Section 801, the successor Corporation formed by or resulting from such transaction shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as though the Successor Corporation had been named as the Company herein, and thereafter, except in the case of a lease or other similar

conveyance, the predecessor corporation shall be relieved of all obligations and covenants under this Indenture, the Securities of every series and the Coupons appertaining thereto.

ARTICLE NINE

SUPPLEMENTAL INDENTURES

SECTION 901. Supplemental Indentures Without Consent of Holders.

Without the consent of the Holders of any series, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(l) to evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities and the Coupons appertaining thereto;

(2) to add to the covenants of the Company for the benefit of the Holders of all or any series of the Securities (and if such covenants are to be for the benefit of less than all series of the Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company;

(3) to add any additional Events of Default with respect to all or any series of the Securities;

(4) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of the Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons;

(5) to change or eliminate any provision of this Indenture, provided that any such change or elimination shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision;

(6) to secure the Securities and the Coupons appertaining thereto pursuant to the requirements of Section 1006 or otherwise;

(7) to establish the form or forms and the terms of the Securities of any series as permitted by Sections 201 and 301;

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 6ll(b); or

(9) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture which may be defective or inconsistent with any other provision herein or *in* any supplemental indenture, or to make any other provisions with respect to matters or questions arising under this Indenture, provided such action shall not adversely affect the interests of the Holders of the Securities of any series or the Coupons appertaining thereto in any material respect.

SECTION 902. Supplemental Indentures With Consent of Holders.

With the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of all series at the time outstanding affected by such supplemental indenture (voting as one class), by Act of such Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee, at any time or from time to time, may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or any supplemental indenture or of modifying in any manner the rights of the Holders of the Securities of each such series or of the coupons appertaining thereto; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each outstanding Security affected thereby:

(1) change the Stated Maturity of the principal of, or any installment of the principal of or the interest on, such Security, or reduce the principal amount thereof or the rate of interest thereon (or the method by which such rate is determined) or any premium payable upon the redemption thereof, or reduce the amount of principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502, or change any Place of Payment

where, or the coin or currency in which, such Security or Coupon or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date) or, if such Security shall so provide, any right of repayment at the option of such Holder;

(2) reduce the percentage in principal amount of the Outstanding Securities of the affected series, the consent of whose Holders is required for any such supplemental indenture, or for any waiver with respect to defaults, breaches, Events of Default or declarations of acceleration provided for in this Indenture; or

(3) modify any of the provisions of this Section, Section 513 or Section 1008, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each outstanding security affected thereby.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more (but less than all) series of the Securities, or which modifies the rights of the Holders of such series or of the Coupons appertaining thereto with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of the Securities of any other series or of the Coupons appertaining thereto.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 903. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of the securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 906. Reference in Securities to Supplemental Indentures.

The securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE TEN

COVENANTS

SECTION 1001. Payment of Principal, Premium and Interest.

The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay the principal of (and premium, if any) and interest on the Securities of such series in accordance with the terms of the Securities of such series, the Coupons, if any, appertaining. thereto and this Indenture. Interest on any Securities with Coupons attached (together with any additional related amounts payable pursuant to the terms of such Securities) shall be payable only upon presentation and surrender of the several Coupons for such interest installments as are evidenced thereby as they severally mature. If any temporary Unregistered Security provides that interest thereon may be paid while in temporary form, the interest on any such temporary Unregistered Security (together with any additional related amounts payable pursuant to the terms of such Security) shall be paid, as to the installments of interest evidenced by coupons attached thereto, if any, only

upon presentation and surrender thereof, and, as to the other installments of interest, if any, only upon presentation of such temporary Unregistered Security for notation thereon of the payment of such interest, in each case subject to any restrictions that may be established pursuant to Section 301. Interest on any Registered Securities (together with any additional related amounts payable pursuant to the terms of such Securities) shall be payable only to or upon the written order of the Holders thereof and, at the option of the Company, may be paid by wire transfer or by mailing checks for such interest payable to or upon the written order of such Holders at their last addresses as they appear on the Security Register.

SECTION 1002. Maintenance of Offices or Agencies.

So long as Registered Securities of any series shall be outstanding, the Company will maintain in each Place of Payment for the Registered Securities of such series an office or agency where Registered Securities of such series may be presented or surrendered for payment, where Registered Securities of such series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Registered Securities of such series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

So long as Unregistered Securities of any series shall be outstanding, the Company will maintain one or more offices or agencies in a city or cities located outside the United States of America (including any city in which such an office or agency is required to be maintained under the rules of any stock exchange on which the Securities of such series are listed) where the Unregistered Securities of such series and the Coupons, if any, appertaining thereto may be presented for payment and where Unregistered Securities of such series may be surrendered for exchange. No payment on any Unregistered Security or Coupon will be made upon presentation of such Unregistered Security or Coupon at an office or agency of the Company within the United States of America, nor will any payment be made by transfer to an account in, or by mail to an address in, the United States of America unless pursuant to applicable United States laws and regulations then in effect such payment can be made without adverse tax consequences to the Company. Notwithstanding the foregoing, payments in Dollars on any Unregistered Securities of such series and the Coupons, if any, appertaining thereto which are payable

in Dollars may be made at an office or agency of the Company maintained in the Borough of Manhattan, The City of New York, or Chicago, Illinois, if such payment in Dollars at each office or agency maintained by the Company outside the United States of America for payment on such Unregistered Securities and Coupons is illegal or effectively precluded by exchange controls or other similar restrictions. The Company will maintain in the Borough of Manhattan, The City of New York, or Chicago, Illinois, an office or agency where notices and demands to or upon the Company in respect to the Unregistered Securities of such series, the Coupons, if any, appertaining thereto and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind any such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency required by this Section. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 1003. Money for Securities Payments to be Held in Trust.

If the Company shall at any time act as its own Paying Agent with respect to the Securities of any series, it will, on or before each due date of the principal of (and premium, if any) or interest on any of the Securities of such series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay such principal, premium or interest so becoming due until such sum shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for the Securities of any series, it will, on or prior to each due date of the principal of (and premium, if any) or interest on any Securities of such series, deposit with a Paying Agent a sum sufficient to pay the principal (and premium, if any) or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest; and (unless such Paying Agent is the Trustee) the

Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent for any series of the Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the principal of (and premium, if any) or interest on the Securities of such series in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company (or any other obligor upon the Securities of such series) in the making of any payment of the principal (and premium, if any) or interest on the Securities of such series; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such sums.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (and premium, if any) or interest on any Security of any series and remaining unclaimed for three years after such principal (and premium, if any) or interest shall have become due and payable shall be repaid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published at least once in an

Authorized Newspaper in the Borough of Manhattan, The City of New York, London and, if required by Section 1009, Luxembourg notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 1004. Corporate Existence.

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

SECTION 1005. Payment of Taxes and Other Claims.

The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all taxes, assessments and governmental charges levied or imposed upon the Company or upon the income, profits or property of the Company and (ii) all lawful claims against the Company for labor, materials and supplies which, in the case of either clause (i) or (ii) of this Section, if unpaid, might by law become a Lien upon the property or assets of the Company; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

SECTION 1006. Restrictions on Liens.

The Company will not create, incur, assume or permit to exist any Lien (other than Permitted Encumbrances) on any of its present or future revenues, undertakings, properties or assets securing any Indebtedness for Borrowed Money, unless, at the same time or as soon as reasonably practicable thereafter, it secures or causes to be secured equally and ratably with such Indebtedness for Borrowed Money the payment of the principal of (and premium, if any) and interest on the Securities outstanding from time to time and all other moneys owing from time to time under this Indenture.

SECTION 1007. Annual Certificate of Compliance.

On or before April 30 in each year (commencing April 30, 1992), the Company will furnish the Trustee with an officer's certificate (executed by at least the principal executive officer, the principal financial officer or the principal accounting officer of the Company), covering the period during the preceding year that any Securities were outstanding, certifying that after reasonable investigation and inquiry the Company has complied with all covenants, conditions or other requirements contained in this Indenture or, if such is not the

case, setting forth with reasonable particularity the circumstances of any failure so to comply and the steps taken or proposed to be taken to eliminate such failure.

SECTION 1008. Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any term, provision or condition set forth in Section 1006 with respect to the Securities of any series if, before the time for such compliance, the Holders of a majority in aggregate principal amount of the Securities of such series than Outstanding shall, by Act of such Holders, either waive such compliance in such instance or waive compliance with such term, provision or condition generally, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall have become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

SECTION 1009. Luxembourg Publication.

In any case where a notice is required to be published pursuant to Section 602, 610(f), 1003 or 1104, such notice shall also be published in Luxembourg if, and to the extent that, such notice is required to be given to the Holders of the Securities of any series by applicable Luxembourg law or stock exchange regulations, as evidenced by an Officers' Certificate delivered to the Person giving such notice.

ARTICLE ELEVEN

REDEMPTION OF SECURITIES

SECTION 1101. Applicability of Article.

The Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise established in accordance with Section 301 for the Securities of a particular series) in accordance with this Article.

SECTION 1102. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities shall be evidenced by a Board Resolution. In case of any redemption at the election of the Company of less than all the Securities of any series, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be acceptable to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of

the Securities of such series to be redeemed. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction.

SECTION 1103. Selection by Trustee of Securities to be Redeemed.

If less than all the Securities of any series are to be redeemed, the particular Securities to be redeemed shall be selected, not more than 90 days prior to the Redemption Date, by the Trustee from among the Outstanding Securities of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the minimum authorized denomination for the Securities of such series or any multiple thereof) of the principal amount of the securities of such series of a denomination larger than the minimum authorized denomination for the Securities of such series; provided, however, that in case the Securities of such series have different terms and/or Stated Maturities, the Securities to be redeemed shall be selected by the Company, and the Company shall give notice thereof to the Trustee.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

SECTION 1104. Notice of Redemption.

Notice of redemption to the Holders of Registered Securities of any series to be redeemed shall be given by mailing notice of such redemption by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the Redemption Date, to such Holders at their addresses as they shall appear on the Security Register. Notice of redemption to the Holders of Unregistered Securities of any series to be redeemed who have filed their names and addresses with the Trustee pursuant to Section 703(c) shall be given by mailing notice of such redemption by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the Redemption Date, to such Holders at such filed addresses. Notice of redemption to all other Holders of Unregistered Securities of any series shall be given by publication in an Authorized Newspaper in the Borough

of Manhattan, The City of New York, London and, if required by Section 1009, Luxembourg, in each case once in each of three successive calendar weeks, the first publication to be not less than 30 days and not more than 60 days prior to the Redemption Date. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice. Failure to give notice by mail, or any defect in the notice to the Holder of any Security of any series designated for redemption in whole or in part, shall not affect the validity of the proceedings for the redemption of any other Security of such series.

All notices of redemption shall state:

(1) the Redemption Date;

(2) the Redemption Price;

(3) if less than all of the Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the particular Securities to be redeemed;

(4) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after such

(5) the place or places where such Securities are to be surrendered for payment of the Redemption Price; and

(6) that the redemption is for a sinking or analogous fund, if such is the case.

Each notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

SECTION 1105. Deposit of Redemption Price.

On or prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company shall be acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on the Redemption Date.

SECTION 1106. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest, and the unmatured Coupons, if any, appertaining thereto shall be void. Upon surrender of any such Security for redemption in accordance with such notice, together with all Coupons, if any, appertaining thereto maturing after the Redemption Date, such Security shall be paid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable, in the case of unregistered Securities with Coupons attached thereto, to the Holders of the Coupons for such interest upon the surrender thereof or, in the case of Registered Securities, to the Holders of such Registered Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Regular or Special Record Dates according to their terms and the provisions of Section 307.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, *if* any) shall, until paid, bear interest from the Redemption Date at the same rate specified in such Security as the rate of interest (or Yield to Maturity, in the case of Original Issue Discount Securities).

SECTION 1107. Securities Redeemed in Part.

Any Security which is to be redeemed only in part shall be surrendered at an office or agency of the Company at a Place of Payment therefor (with, if the company or the Trustee shall so require in the case of a Registered Security, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his or her attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge, a new Security or Securities of the same series, form and Stated Maturity, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE TWELVE

SINKING FUNDS

SECTION 1201. Applicability of Article.

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of any series, except as otherwise established in accordance with section 301 for the securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of the Securities of any series is in this section referred to as a "mandatory sinking fund payment," and any payment in excess of such minimum amount provided for by the terms of the Securities of any series is in this Section referred to as an "optional sinking fund payment." The date on which any sinking fund payment is to be made is in this section referred to as the "sinking fund payment date." If so provided by the terms of the Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment in respect of the Securities of any series shall be applied to the redemption of the Securities of such series as provided for by the terms of the Securities of such series.

SECTION 1202. Satisfaction of Sinking Fund Payments with Securities.

In lieu of making all or any part of any mandatory sinking fund payment with respect to the Securities of any series in cash, the Company may at its option (i) deliver to the Trustee Securities of such series theretofore purchased or otherwise acquired (except upon redemption pursuant to any mandatory sinking fund payment) by the Company or receive credit for Securities of such series (not previously so credited) theretofore purchased or otherwise acquired (except as foresaid) by the Company and delivered to the Trustee for cancellation pursuant to section 309; (ii) receive credit for any optional sinking fund payments (not previously so credited) made pursuant to this section; or (iii) receive credit for any Securities of such series (not previously so credited) redeemed by the Company through any optional redemption provision contained in the terms of such series. Such securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund therefor and the amount of such mandatory sinking fund payment shall be reduced accordingly.

SECTION 1203. Redemption of Securities for Sinking Fund.

Not less than 60 days prior to each sinking fund payment date for the Securities of any series, the Company will deliver to the Trustee an Officers' Certificate (which need not contain the statements required by Section 102) (i) specifying the portion of the mandatory sinking fund payment due on such date to be satisfied by the payment of cash and the portion to be satisfied by credit of Securities of such series and the basis for such credit, (ii) stating that none of the Securities of such series to be so credited has theretofore been so credited, (iii) stating that no default in the payment of interest or Events of Default with respect to such series shall have occurred and are continuing and (iv) stating whether or not the Company intends to exercise its right to make an optional sinking fund payment on such date with respect to such series and, if so, specifying the amount of such optional sinking fund payment which the Company intends to pay on or before the next succeeding sinking fund payment date. Any Securities of such series to be so credited and required to be delivered to the Trustee in order for the Company to be entitled to credit therefor which have not theretofore been delivered to the Trustee shall be delivered for cancellation pursuant to Section 309 to the Trustee with such Officers' Certificate (or reasonably promptly thereafter if acceptable to the Trustee). Such Officers' Certificate shall be irrevocable, and upon its receipt by the Trustee the Company shall become unconditionally obligated to make all the cash payments and other deliveries therein referred to on or before the next succeeding sinking fund payment date. Failure by the Company, on or before any such 60th day, to deliver such Officers' Certificate and Securities, if any, shall not constitute a default hereunder, but shall constitute, on and as of such 60th day, the irrevocable election by the Company that (i) the mandatory sinking fund payment for the Securities of such series due on the next succeeding sinking fund payment date shall be paid entirely in cash and (ii) the Company will make no optional sinking fund payment with respect to the securities of such series on such date. Not less than 30 days prior to each sinking fund payment date with respect to the Securities of any series, the Trustee shall select the Securities of such series to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be given in the name and at the expense of the Company in the manner provided in Section 1104. Such notice of redemption having been duly given, the redemption of the Securities of such series to be redeemed shall be made upon the terms and in the manner stated in Sections 1105, 1106 and 1107.

ARTICLE THIRTEEN

DEFEASANCE AND COVENANT DEFEASANCE

SECTION 1301. Applicability of Article; Company's Option to Effect Defeasance or Covenant Defeasance.

If pursuant to Section 301 provision is made for (i) defeasance of the Securities of any series under Section 1302 and/or (ii) covenant defeasance of the Securities of any series under Section 1303, then the provisions of such Section or Sections, as the case may be, together with the other provisions of this Article Thirteen, shall be applicable to the Securities of such series; and the Company may at any time at its option, by Board Resolution elect to have either Section 1302 (if applicable) or Section 1303 (if applicable} be applied to the Outstanding Securities of such series upon compliance with the applicable conditions set forth in this Article Thirteen.

SECTION 1302. Defeasance and Discharge.

Upon the Company's exercise of the option provided in Section 1301 to defease the Securities of a particular series, the Company shall be discharged from its obligations with respect to the Securities of such series on the date that the applicable conditions set forth in section 1304 shall be satisfied. The term "defeasance" means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by the Securities of such series and all Coupons appertaining thereto and to have satisfied all its other obligations under such Securities and Coupons and this Indenture insofar as such Securities and Coupons shall be concerned; and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same; provided, however, that the following rights, obligations, powers, trusts, duties and immunities shall survive until otherwise terminated or discharged hereunder: (i) the rights of the Holders of the Securities of such series and such Coupons to receive, solely from the trust fund provided for in Section 1304, payments in respect of the principal of (and premium, if any) and interest on such Securities and Coupons when and as such payments shall become due, (ii) the Company's obligations with respect to such Securities and Coupons under Sections 304, 305, 306; 1002 and 1003, (iii) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (iv) this Article Thirteen. Subject to compliance with this Article Thirteen, the Company may exercise its option with respect to defeasance under this Section 1302 notwithstanding the prior exercise of its option with respect to covenant defeasance under Section 1303 with respect to the Securities of such series.

SECTION 1303. Covenant Defeasance.

Upon the Company's exercise of the option provided in Section 1301 to obtain a covenant defeasance with respect to the Securities of a particular series, the Company shall be released from its obligations under Section 1006 and Article Eight with respect to the Securities of such series on and after the date that the applicable conditions set forth in Section 1304 shall be satisfied. The term "covenant defeasance" means that, with respect to the Securities of such series, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in Section 1006 and Article Eight, whether directly or indirectly by reason of any reference elsewhere herein to such Section or Article or by reason of any reference in such Section or Article to any other provision herein or in any other document, and such omission to comply shall not constitute an Event of Default under Section 501(4) with respect to the Securities of such series; but the remaining provisions of this Indenture and the other terms of the Securities of such series shall be unaffected thereby.

SECTION 1304. Conditions to Defeasance or Covenant Defeasance.

The following shall be the conditions to defeasance under section 1302 and covenant defeasance under Section 1303 with respect to the Securities of a particular series:

(1) The Company shall have irrevocably deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 609 who shall agree to comply with the provisions of this Article Thirteen applicable to it) as a trust fund in trust for the purpose of making the payments described below, and dedicated solely to, the benefit of the Holders of the Securities of such series: (A) cash in an amount, or (B) Government Obligations which, through scheduled payments of principal and interest in respect thereof in accordance with their terms, will assure cash in an amount, or (C) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or such other trustee) to pay and discharge: (i) the principal of (and premium, if any, on) and each installment of principal of (and premium, if any) and interest on the Securities of such series and the Coupons appertaining thereto on the Stated Maturity of such principal or installment of principal or interest; and (ii) any mandatory sinking fund payments or analogous payments applicable to the Securities of such series on the dates on which such payments shall become

due and payable in accordance with the terms of this Indenture and of such Securities.

(2) No Event of Default or event which, with notice or lapse of time or both, would become an Event of Default with respect to the Securities of such series shall have occurred and be continuing on the date of such deposit or, insofar as Sections 501(5) and (6) are concerned, at any time during the period ending on the 9lst day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(3) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Company is a party or by which it is bound.

(4) Such defeasance or covenant defeasance shall not cause any Securities of such series then listed on any national securities exchange registered under the Securities Exchange Act of 1934, as amended, to be delisted.

(5) In the case of a defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that (A) if the deposit referred to in paragraph (1) above shall include Government Obligations in respect of any government other than the United States of America, such deposit shall not result in the Company, the Trustee or such trust constituting an "investment company" under the Investment company Act of 1940, as amended, and (B) (i) the Company has received from the Internal Revenue Service a private letter ruling or there has been published by the Internal Revenue Service a revenue ruling pertaining to a comparable form of transaction, or (ii) since the date of this Indenture, there has been a change in the applicable United States Federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the Securities of such series then Outstanding and the Coupons appertaining thereto will not recognize income, gain or loss for United States Federal income tax purposes as a result of such defeasance and will be subject to United States Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

(6) In the case of a covenant defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that (A) if the deposit referred to in paragraph (1) above shall include Government Obligations in respect of any government other than the United States of America, such deposit shall not result in the Company, the Trustee or such trust constituting an "investment company" under the Investment Company Act of 1940, as amended, and (B) the Holders of the Securities of such series then outstanding and the Coupons appertaining thereto will not recognize income, gain or loss for United States Federal income tax purposes as a result of such covenant defeasance and will be subject to United States Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

(7) Such defeasance or covenant defeasance shall be effected in compliance with any additional terms, conditions or limitations which may be imposed on the Company in connection therewith pursuant to Section 301.

(8) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to either the defeasance under Section 1302 or the covenant defeasance under Section 1303, as the case may be, have been complied with.

SECTION 1305 Deposited Money and Government Obligations to be Held in Trust; Other Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 1003, all money and Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee (collectively, for the purposes of this Section 1305, the "Trustee")) pursuant to Section 1304 in respect of the Securities of a particular series then Outstanding and the Coupons appertaining thereto shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and Coupons and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities and Coupons of all sums due and to become due thereon in respect of principal (and premium, if any) and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to Section 1304 or the principal and interest received in respect thereof, other than any such tax, fee or other charge which by law is for the account of the Holders of the Securities and the Coupons for whose benefit such Government Obligations are held.

Anything in this Article Thirteen to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time, upon company Request, any money or Government Obligations held by it as provided in Section 1304 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited for the purpose for which such money or Government Obligations were deposited.

ARTICLE FOURTEEN

MEETINGS OF HOLDERS

SECTION 1401. Purposes for which Meetings May be Called.

A meeting of the Holders of the Securities of one or more series may be called at any time and from time to time pursuant to the provisions of this Article for one or more of the following purposes:

(1) to give any notice to the Company or to the Trustee, to give any directions to the Trustee, to consent to the waiving of any default hereunder and its consequences or to take any other action authorized to be taken by the Holders of the Securities of such series pursuant to any of the provisions of Article Five;

(2) to remove the Trustee and appoint a successor Trustee with respect to the Securities of such series pursuant to the provisions of Article Six;

(3) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 902; or

(4) to take any other action authorized to be taken by or on behalf of the Holders of any specified percentage of the aggregate principal amount of the Securities of such series under any other provision of this Indenture or under applicable law.

SECTION 1402. Call of Meetings by Trustee; Place of Meetings: Notice Thereof.

The Trustee ay at any time call a meeting of the Holders of the Securities of one or more series to take any action specified in Section 1401, to be held at such time and at such place in Chicago, Illinois, the Borough of Manhattan, The city of New York, or London, or at such other location, as the Trustee shall determine. Notice of every such meeting, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given by the Trustee not less than 21 and not more than 120 days prior to the date fixed for such meeting (i) if any Unregistered Securities of any affected series are then Outstanding, to the Holders thereof by publication of such notice at least twice in an Authorized Newspaper in such cities as the Trustee shall deem appropriate under the circumstances, (ii) if any Unregistered Securities of any affected series are then Outstanding, to the Holders thereof who have filed their names and addresses with the Trustee pursuant to Section 703(c) by mailing such notice to such Holders at such addresses and (iii) if any Registered Securities of any affected series are then Outstanding, by mailing such notice to such Holders at their addresses as they shall appear on the Security Register.

SECTION 1403. Call of Meetings by Company or Holders.

In case at any time the Company, pursuant to a Board Resolution, or the Holders of at least 10% in aggregate principal amount of the Securities of one or more series then Outstanding shall have requested the Trustee to call a meeting of the Holders of the Securities of such series to take any action specified in section 1401, by written request setting forth in general terms the action proposed to be taken at such meeting, and the Trustee shall not have given notice of such meeting within 21 days after the receipt of such request, then the Company or the Holders of the Securities of such series in the aggregate principal amount above specified, as the case may be, may determine the time and the place in Chicago, Illinois, the Borough of Manhattan, The City of New York, or London for such meeting and may call such meeting by providing notice thereof as provided in Section 1402.

SECTION 1404. Persons Entitled to Vote at Meetings.

To be entitled to vote at any meeting of the Holders of the Securities of one or more series, a Person shall be (i) a Holder of one or more Securities of such series or (ii) a Person appointed by an instrument in writing as proxy for a Holder of one or more securities of such series. The only Persons who shall be entitled to be present or to speak at any such meeting shall be the Persons entitled to vote at such meeting and their

counsel, any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

SECTION 1405. Determination of Voting Rights; Conduct and Adjournment of Meetings.

(a) Notwithstanding any other provision of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of the Holders of the Securities of one or more series in regard to (i) the proof of the holding of the Securities of such series, (ii) the appointment of proxies, (iii) the appointment and duties of inspectors of votes, (iv) the submission and examination of proxies and other evidence of the right to vote and (v) such other matters concerning the conduct of such meeting as it shall deem necessary or appropriate. Except as otherwise permitted or required by any such regulation, the holding of the Securities of such series and the appointment of any proxy shall be proved in the manner specified in Section 104.

(b) The Trustee shall, by an instrument in writing, appoint a temporary chairman of such meeting, unless the meeting shall have been called by the Company or by Holders as provided in Section 1403, in which case the Company or such Holders, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of such meeting may be elected by vote of the Persons holding or representing a majority in aggregate principal amount of the Securities represented and entitled to vote at such meeting.

(c) At any such meeting, each Holder of the Securities of such series or the proxy therefor shall be entitled to one vote for each $1,000 principal amount of the Securities of such series held or represented by such Holder or proxy; provided, however, that no vote shall be cast or counted at any such meeting in respect of any Security of such series challenged as not outstanding and ruled by the permanent chairman of such meeting to be not Outstanding. No chairman of such meeting shall have any right to vote thereat, except as a Holder of the Securities of such series or as a proxy therefor.

(d) At any such meeting duly called pursuant to the provisions of Section 1402 or Section 1403, the presence of Persons holding or representing Securities of the affected series in an aggregate principal amount sufficient to take action on the business for the transaction of which such meeting was called shall constitute a quorum; but if less than a quorum shall be present, such meeting may be adjourned from time to time by the Holders of a majority in aggregate principal amount of the Securities of such series represented and entitled to vote at such meeting, and any such adjourned meeting may be held without further notice.

SECTION 1406. Manner of Voting; Recording of Action.

The vote upon any resolution submitted to any meeting of the Holders of the Securities of one or more series shall be by written ballots on which shall be subscribed the signatures of such Holders or their duly authorized proxies and the serial number or numbers and the principal amount or amounts of the Securities represented thereby. The permanent chairman of such meeting shall appoint two inspectors of votes, who shall count all votes cast at such meeting for or against any resolution and shall make and file with the permanent secretary of such meeting their verified written report, in duplicate, of all votes cast at such meeting. A record, in duplicate, of the proceedings of such meeting shall be prepared by the permanent secretary of such meeting, and there shall be attached to such record (i) such report of the inspectors of votes and (ii) affidavits by one or more persons, having knowledge of the facts, setting forth a copy of the notice of such meeting and showing that such notice w.as given as provided in Section 1402. Such record shall be signed and verified by the affidavits of the permanent chairman and the permanent secretary of such meeting. One of such duplicate records shall be delivered to the company and the other shall be delivered to the Trustee, to be preserved by the Trustee, the latter having attached thereto the ballots voted at such meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

SECTION 1407. No Delay of Rights.

Nothing in this Article contained shall be deemed or construed to authorize or permit, by reason of any call of meeting of the Holders of the Securities of one or more series, or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders of the Securities of such series under any of the provisions of this Indenture or of the Securities of such series.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

CANADIAN PACIFIC LIMITED

By /s/ J. Thomson

By /s/ D. Deegan

(Corporate seal)
Attest:

/s/ L.D. Barrie

HARRIS TRUST AND SAVINGS BANK,
as Trustee

By "Signed"
Vice President

(Corporate seal)
Attest:

"Signed"
Assistant Secretary

PROVINCE OF QUEBEC)
) ss:
DISTRICT OF MONTREAL)

On the 23rd day of July, 1991, before me personally came J. Thomson and D.J. Deegan , to me known, who, being by me duly sworn, did depose and say that they are Vice-President & Comptroller and V-P and Secretary, respectively, of Canadian Pacific Limited, one of the corporations described in and which executed the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; that it was so affixed by authority of the Board of Directors of said corporation, and that each of them signed his name thereto by like authority.

(Signed) J. Myers

My commission expires
June 26, 1992

STATE OF ILLINOIS)
) ss:
COUNTY OF COOK)

On the 19th day of July, 1991, before me personally came R.G. Mason, to me known, who, being by me duly sworn, did depose and say that he is Vice-President of Harris Trust and Savings Bank, one of the corporations described in and which executed the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

(Signed) T. Muzguiz

My commission expires

Exhibit 4.16

FIRSTSUPPLEMENTAL INDENTURE

CANADIAN PACIFIC LIMITED
(To be renamed CanadianPacificRailwayCompany)

TO

HARRIS TRUST AND SAVINGS BANK
TRUSTEE

DATED AS OF JULY 1, 1996

ADDING CERTAIN DEFINITIONS AND PERMITTING
CERTAIN ASSET TRANSFERS AND OTHER TRANSACTIONS
WITHOUT COMPLIANCE WITH SECTION 801

SUPPLEMENTAL TO
INDENTURE DATED AS OF JULY 15, 1991
OF
CANADIAN PACIFIC LIMITED

CANADIAN PACIFIC LIMITED

FIRST SUPPLEMENTAL INDENTURE

DATED AS OF JULY 1, 1996

TABLE OF CONTENTS

This FIRST SUPPLEMENTAL INDENTURE dated as of July 1, 1996 between CANADIAN PACIFIC LIMITED, a corporation duly organized and existing under the laws of Canad (the "Company"), and HARRIS TRUST AND SAVINGS BANK, a corporation duly organized and existing under the laws of Canada (the "Company"), and HARRIS TRUST AND SAVINGS BANK, a corporation duly organized and existing under the laws of the State of Illinois, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, the Company and the Trustee have heretofore executed and delivered an Indenture dated as of July 15, 1991 (the "Original Indenture" the Original Indenture as supplemented by this First Supplemental Indenture being hereinafter called the "Indenture") providing, among other things, for the issuance from time to time of the Company's unsecured debentures, notes or other evidence of indebtedness (the "Securities") in one or more series;

WHEREAS, there is currently issued and outstanding under the Indenture the following three series of Securities (collectively, the "Outstanding Debt Instruments"):

Name of Series	Outstanding Principal Amount
9.45% Debentures due August 1, 2021	$250,000,000
8.85% Debentures due June 1, 2022	$250,000,000
6 7/8% Debentures due April 15, 2003	$250,000,000

WHEREAS, the Company desires to transfer certain assets of the Company to New CPL (as hereinafter defined) and to engage in certain other transactions, all as more fully hereinafter described;

WHEREAS, such asset transfers and other transactions may collectively constitute the transfer of "substantially all of [the Company's] undertakings, property and assets" within the meaning of Section 801 of the Original Indenture, and accordingly the Company has solicited and received the requisite consents from the holders of the outstanding Debt Instruments, in compliance with the requirements of Section 902 of the Original Indenture, to amend Sections 801 and 803 of the Original Indenture (and insert the necessary related definitions) as hereinafter provided so that such Sections shall not apply to the Reorganization (as hereinafter defined);

WHEREAS, on the Effective Date (as hereinafter defined), the corporate name of the Company will be changed to "Canadian Pacific Railway Company" and the corporate name of New CPL will be changed to "Canadian Pacific Limited"; and

WHEREAS, all acts and things necessary to make this First Supplemental Indenture a valid agreement in accordance with its terms have been done;

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Outstanding Debt Instruments and any other Securities hereafter issued under the Indenture by the Holders (as defined in the Original Indenture) thereof, it is mutually convenanted and agreed, for the equal and proportionate benefit of the respective Holders from time to time of the Securities and of the Coupons (as defined in the Original Indenture), if any, appertaining thereto, as follows:

ARTICLE ONE
AMENDMENTS TO ORIGINAL INDENTURE

Section1.01. Amendment of Section 1.01. The following definitions are inserted in Section 101 of the Original Indenture in the proper alphabetical location:

"Arrangement" means the arrangement effected under the provisions of Section 192 of the Canada Business Corporations Act, as amended, as provided in the Plan of Arrangement.

"Arrangement Transactions" means the transactions specified in Section 2.1 of the Plan of Arrangement.

"Eastern Operating Unit" means the entity or entities established for the purpose of operating the eastern rail assets of the Company (relating to its railway operations between Montreal, Toronto and Chicago and the Northeastern United States), each of which will be directly or indirectly wholly-owned by the Company on the effective date of the Post-Arrangement Transactions.

"Effective Date" means the effective date of the Arrangement in accordance with the Plan of Arrangement.

"New CPL" means Canadian Pacific Holdings Limited, a corporation duly organized and existing under the laws of Canada.

"Non-Rail Assets" means the non-rail assets of the Company (other than the Company's equity interest in Laidlaw Inc. and its shares of Canadian Pacific (Bermuda) Limited), which include its investments in PanCanadian Petroleum Limited, Fording Coal Holdings Inc., CP Ships Inc., CP Containers (Bermuda), Canadian Pacific Hotels & Resorts Inc., Marathon Realty Company Limited and Canadian Pacific Securities Limited and their respective subsidiaries.

"Plan of Arrangement" means the Plan of Arrangement which is attached as Appendix 1 to the Arrangement Agreement dated as of March 20, 1996 between the Company and New CPL, as amended by Arrangement Amendment Agreement dated as of June 25, 1996, and which is also attached hereto as Exhibit A.

"Post-Arrangement Transactions" means the transfer, after the Arrangement has become effective, of the Company's eastern railway assets to the Eastern Operating Unit.

"Pre-Arrangement Transactions" means the following transactions that are to occur on or prior to the Effective Date:

(a) prior to the implementation of the Arrangement Transactions, the transfer of certain shares of indirect subsidiaries of the Company held by Canadian Pacific Enterprises Limited, a wholly-owned holding company of the Company, to the Company;

(b) on the Effective Date, the transfer by the Company of the Non-Rail Assets to New CPL in consideration for the assumption by New CPL of certain existing liabilities of the Company and the issuance by New CPL to the Company of the New CPL Reorganization Shares (as defined in the Plan of Arrangement), which shares are to be redeemed by New CPL as a part of the Arrangement Transactions; and

(c) on the Effective Date, the assumption by New CPL of the Company's obligations under the Company's Indenture dated April 30, 1991 with Montreal Trust Company of Canada, as trustee, and the Company's 10.50% Debentures due April 30, 2001 issues thereunder, without releasing the Company from its obligations thereunder.

"Reorganization" means the Pre-Arrangement Transactions, the Arrangement Transactions and the Post-Arrangement Transactions, taken collectively.

Section 1.02. Amendment of Section 801. Section 801 of the Original Indenture is hereby amended by adding the following paragraph at the end thereof:

"Notwithstanding the preceding paragraph, this Section shall not apply to the Reorganization."

Section 1.03. Amendment of Section 8.03. Section 803 of the Original Indenture is hereby amended by adding the following paragraph at the end thereof:

"Notwithstanding the preceding paragraph, this Section shall not apply to the Reorganization."

Section 1.01. Effectiveness of this Article.
Notwithstanding the earlier execution of this First Supplemental Indenture, this Article shall take effect on the Effective Date, but only if the Effective Date shall occur on or prior to December 31, 1996.

ARTICLE TWO
THE TRUSTEE

Section 2.01. Trustee Not Responsible for Validity or Recitals. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this First Supplemental Indenture or the due execution hereof by the Company, or for or in respect of the recitals and statements contained herein, all of which recitals and statements are made solely by the Company.

Section 2.02. Duties, Responsibilities and Liabilities of Trustee. Except as herein otherwise expressly provided, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed, by the Trustee by reason of this First Supplemental Indenture other than as set forth in the Original Indenture; and this First Supplemental Indenture is executed and accepted on behalf of the Trustee subject to all the terms and conditions set forth in the Original Indenture as fully to all intents as if the same were herein set forth at length.

ARTICLE THREE
MISCELLANEOUS PROVISIONS

Section 3.01. Provisions of Original Indenture Deemed Incorporated. Except as herein otherwise expressly provided, all of the provisions, definitions, terms and conditions of the Original Indenture shall be deemed to be incorporated in, and made a part of, this First Supplemental Indenture; the Original Indenture is in all respects hereby ratified and confirmed; and the Original Indenture and this First Supplemental Indenture shall be read, taken and construed as one and the same instrument.

Section 3.02 Benefits Restricted to Parties and Holders of Securities. Nothing in this First Supplemental Indenture is intended, or shall be construed, to give to any persons or corporation other than the parties hereto and the Holders of Securities issued and to be issued under the Indenture any legal or equitable right, remedy or claim under or in respect of this First Supplemental Indenture, or under any covenant, condition or provision herein contained, all the covenants, conditions and provisions of this First Supplemental Indenture being intended to be, and being, for the sole and exclusive benefit of the parties hereto and of the Holders of Securities issued and to be issued under the Indenture.

Section 3.03. Successors and Assigns of Company. All covenants and agreements in this First Supplemental Indenture by the Company shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

Section 3.04. Headings and Table of Contents. Article and Section headings herein and the Table of Contents are inserted for convenience of reference only and shall not be deemed to be a part hereof.

Section 3.05. Counterparts. This First Supplemental Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original; but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

CANADIAN PACIFIC LIMITED

By: /s/ W.R. Fatt
Name: W. R. Fatt
Title: Executive Vice-President
and Chief Financial Officer

(Corporate Seal)

Attest:

/s/ G. A. Feigel
Name: G.A. Feigel
Title: Assistant Secretary

HARRIS TRUST AND SAVINGS BANK,
as Trustee

By: "Signed"
Name:
Title:

(Corporate Seal)

Attest:

"Signed"
Name: D. G. Donovan
Title: Assistant Secretary

PROVINCE OF ONTARIO)
) ss
JUDICIAL DISTRICT OF YORK)

On the 3rd day of July, 1996, before me personally came William R. Fatt, to me known, who, being by me duly sworn, did depose and say that he is Executive Vice-President and Chief Financial Officer of Canadian Pacific Limited, one of the corporations described in and which executed the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said Corporation; and that he signed his name thereto by authority of the Board of Directors of said Corporation.

"Signed"

Notary Public

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On the 3rd day of July, 1996, before me personally came J. Bariolini, to me known, who, being by me duly sworn, did depose and say that he is Vice President of Harris Trust and Savings Bank, one of the corporations described in and which executed the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said Corporation; and that he signed his name thereto by authority of the Board of Directors of said Corporation.

"Signed"

My commission expires

.-

Exhibit 4.17

Dated as of November 24, 2015

CANADIAN PACIFIC RAILWAY LIMITED
as Guarantor

and

CANADIAN PACIFIC RAILWAY COMPANY
as Issuer

and

THE BANK OF NEW YORK MELLON
as Trustee

SECOND SUPPLEMENTAL INDENTURE

to the

TRUST INDENTURE

Dated as of July 15, 1991

TABLE OF CONTENTS

Page

THIS SECOND SUPPLEMENTAL INDENTURE (this "**Second Supplemental Indenture**") dated as of November 24, 2015 between **CANADIAN PACIFIC RAILWAY LIMITED**, a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the "**Guarantor**"), **CANADIAN PACIFIC RAILWAY COMPANY** (f.k.a. Canadian Pacific Limited**),** a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the "**Issuer**"), and **THE BANK OF NEW YORK MELLON** (as successor in interest to Harris Trust and Savings Bank), a banking corporation duly organized and existing under the laws of the State of New York, having an office in the City of New York, in the State of New York (the "**Trustee**").

RECITALS OF THE ISSUER AND THE GUARANTOR

WHEREAS, the Issuer and the Trustee entered into an Indenture, dated as of July 15, 1991 (as supplemented, the "**Original Indenture**"). Section 901(2) of the Original Indenture provides that the Issuer and the Trustee may, without the consent of any Holder, enter into a supplemental indenture to add to the covenants of the Issuer for the benefit of the Holders of all or any series of the Securities.

WHEREAS, the Issuer and the Trustee have heretofore executed one supplemental indenture to the Original Indenture.

WHEREAS, pursuant to the Officers' Certificate dated as of July 18, 1991, the Issuer has heretofore established the following series of Securities: the Series 1 Securities, designated as the 9.450% Debentures due August 1, 2021, initially limited to the aggregate principal amount of U.S.$250,000,000 (the "**Debentures**").

WHEREAS, the foregoing series of Debentures constitute all of the issued and outstanding series of Securities issued pursuant to the Original Indenture as of the date hereof.

WHEREAS, the Guarantor desires to fully and unconditionally guarantee the Debentures (the "**Guarantee**"), and to provide therefor, the Guarantor has duly authorized the execution and delivery of this Second Supplemental Indenture.

WHEREAS, the Issuer has requested that the Trustee execute and deliver this Second Supplemental Indenture. The Issuer has delivered to the Trustee an Opinion of Counsel and an Officers' Certificate pursuant to Sections 102 and 903 of the Original Indenture to the effect, among other things, that all conditions precedent provided for in the Indenture to the Trustee's execution and delivery of this Second Supplemental Indenture have been complied with. All acts and things necessary have been done and performed to make this Second Supplemental Indenture enforceable in accordance with its terms, and the execution and delivery of this Second Supplemental Indenture has been duly authorized in all respects.

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE WITNESSETH: it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Debentures, as follows:

1. INTERPRETATIONS AND AMENDMENTS

1.1 Second Supplemental Indenture

As used herein "**Second Supplemental Indenture**", "**hereto**", "**herein**", "**hereof**", "**hereby**", "**hereunder**" and similar expressions refer to this Second Supplemental Indenture and not to any particular Article, Section or other portion hereof and include any and every instrument supplemental or ancillary hereto or in implementation hereof.

1.2 Definitions in Second Supplemental Indenture

All terms contained in this Second Supplemental Indenture which are defined in the Original Indenture and not defined herein shall, for all purposes hereof, have the meanings given to such terms in the Original Indenture, unless the context otherwise specifies or requires.

1.3 Interpretation not Affected by Headings

The division of this Second Supplemental Indenture into Articles and Sections, the provision of the table of contents hereto and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Second Supplemental Indenture.

2. GUARANTEE

2.1 Agreement to Guarantee

The Guarantor hereby fully and unconditionally guarantees to each Holder of Debentures, the due and punctual payment of the principal of, premium, if any, and interest on the Debentures, the due and punctual payment of any sinking fund or analogous payments that may be payable with respect to such Debentures, when and as the same shall become due and payable, whether on the Stated Maturity, by declaration of acceleration, call for redemption or otherwise, according to the terms hereof and of the Original Indenture, as supplemented by the supplemental indentures heretofore executed by the Issuer and the Trustee. In case of the failure of the Issuer punctually to make any such payment of principal, premium, if any, or interest, or any such sinking fund or analogous payment that may be payable with respect to the Debentures, the Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether on the Stated Maturity or by declaration of acceleration, call for redemption or otherwise, and as if such payment were made by the Issuer.

The Guarantor hereby agrees that its obligations hereunder shall be as if it were principal debtor and not merely surety, and shall be absolute and unconditional, irrespective of, and shall be unaffected by, any invalidity, irregularity or unenforceability of the Debentures, the Original Indenture or this Second Supplemental Indenture, any failure to enforce the provisions of the Debentures, the Original Indenture or this Second Supplemental Indenture, or any waiver, modification or indulgence granted to the Issuer with respect thereto or hereto, by the Holder of the Debentures or the Trustee or any other circumstance which may otherwise constitute a legal or equitable discharge of a surety or guarantor; provided, however, that, notwithstanding the foregoing, no such waiver, modification or indulgence shall, without the consent of the

Guarantor, increase the principal amount of the Debentures, or increase the interest rate thereon, or increase any premium payable upon redemption thereof, or alter the Stated Maturity thereof. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest or notice with respect to the Debentures or the indebtedness evidenced thereby, or with respect to any sinking fund or analogous payment that may be payable with respect to the Debentures and all demands whatsoever, and covenants that its obligations under this Section 2.1 will not be discharged except by payment in full of the principal of, premium, if any, and interest on.

The Guarantor shall be subrogated to all rights of each Holder of the Debentures, the Trustee and any Paying Agent against the Issuer in respect of any amounts paid to such Holder by the Guarantor pursuant to the provisions of this Section 2.1; provided, however, that the Guarantor shall not be entitled to enforce or to receive any payments arising out of or based upon such right of subrogation until the principal of, premium, if any, and interest on all Debentures of the same series issued under the Original Indenture, as supplemented by the supplemental indentures heretofore executed by the Issuer and the Trustee, and any sinking fund or analogous payments with respect to such Debentures shall have been paid in full.

Any term or provision of the Original Indenture, as supplemented by the supplemental indentures heretofore executed by the Issuer and the Trustee, and this Second Supplemental Indenture to the contrary notwithstanding, the maximum aggregate amount of the Debentures guaranteed hereunder by the Guarantor shall not exceed the maximum amount that can be hereby guaranteed by the Guarantor without rendering the Guarantee, as it relates to the Guarantor, voidable under applicable law relating to fraudulent conveyance, fraudulent transfer, corporate benefit, financial assistance or similar laws affecting the rights of creditors generally.

By executing this Second Supplemental Indenture, the Guarantor acknowledges and agrees that the obligations to compensate, reimburse, and indemnify the Trustee under the Original Indenture, including, without limitation, Section 607 of the Original Indenture, shall apply to the Guarantor and that the Guarantor and the Issuer, jointly and severally, are obligated to compensate, reimburse, and indemnify the Trustee in accordance with the terms of the Original Indenture, including, without limitation, Section 607 of the Original Indenture.

2.2 Execution and Delivery

To evidence its Guarantee set forth in Section 2.1 hereof, the Guarantor hereby agrees that this Second Supplemental Indenture shall be executed on behalf of the Guarantor by one or more authorized officers or persons holding an equivalent title.

The Guarantor hereby agrees that its Guarantee set forth in Section 2.1 hereof shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Debentures.

2.3 Release of Guarantee

The Guarantor will be released and relieved of its obligations under the Guarantee in respect of any series of the Debentures, and such Guarantee will be terminated, upon receipt

by the Trustee of a Corporation Order (without the consent of the Trustee) requesting such release, upon (i) satisfaction and discharge of the Original Indenture or (ii) defeasance or covenant defeasance with respect to any series of the Debentures , in each case, under the terms of the Original Indenture. At the request of the Issuer, the Trustee shall execute and deliver an appropriate instrument evidencing such release.

3. GENERAL

3.1 Effectiveness

This Second Supplemental Indenture will become effective upon its execution and delivery.

3.2 Effect of Recitals

The recitals contained herein, shall be taken as the statements of the Issuer and the Guarantor, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Second Supplemental Indenture except that the Trustee represents that it is duly authorized to execute and deliver this Second Supplemental Indenture and to perform its obligations under the Original Indenture and hereunder and that the statements made by it or to be made by it in a Statement of Eligibility and Qualification on Form T-1 supplied to the Issuer are true and accurate as of the date thereof.

3.3 Ratification of Original Indenture

The Original Indenture as supplemented by this Second Supplemental Indenture is in all respects ratified and confirmed, and this Second Supplemental Indenture shall be deemed part of the Original Indenture in the manner and to the extent herein and therein provided.

3.4 Limitation on Liability

The Trustee shall act at the direction of the requisite Holders without liability.

3.5 Jurisdiction

Each of the parties hereto hereby irrevocably consents to the jurisdiction of the courts of the State of New York and of any Federal Court located in the Borough of Manhattan in the State of New York in connection with any action, suit or other proceeding arising out of or relating to this Second Supplemental Indenture or any action taken or omitted hereunder, and waives any claim of forum non conveniens and any objections as to laying of venue.

3.6 Governing Law

This Second Supplemental Indenture (including the Guarantee provided herein), and the Original Indenture as supplemented hereby shall be governed by and construed in accordance with the laws of the State of New York.

3.7 Severability

In case any provision in this Second Supplemental Indenture (including the

Guarantee provided herein) or in the Original Indenture as supplemented hereby shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

3.8 Acceptance of Trust

The Trustee hereby accepts the trusts in this Second Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein before set forth in trust for the various Persons who shall from time to time be Holders subject to all the terms and conditions herein set forth.

3.9 Counterparts and Formal Date

This Second Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date first above written.

IN WITNESS WHEREOF the parties hereto have executed this Second Supplemental Indenture on the date first above written.

CANDIAN PACIFIC RAILWAY LIMITED
As Guarantor

/s/ Mark Erceg
By:_____
Name: Mark Erceg
Title: Executive Vice President and Chief Financial Officer

/s/ Darren J. Yaworsky
By:_____
Name: Darren J. Yaworsky
Title: Vice President and Treasurer

CANDIAN PACIFIC RAILWAY COMPANY
As Guarantor

/s/ Mark Erceg
By:_____
Name: Mark Erceg
Title: Executive Vice President and Chief Financial Officer

/s/ Darren J. Yaworsky
By:_____
Name: Darren J. Yaworsky
Title: Vice President and Treasurer

THE BANK OF NEW YORK MELLON,
as Trustee

/s/ Teresa Wyszomierski

By: _____
Name: Teresa Wyszomierski
Title: Vice President

CANADIAN PACIFIC

CANADIAN PACIFIC RAILWAY COMPANY

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA

TRUST INDENTURE

May 23, 2008

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

TRUST INDENTURE

This trust indenture is made as of May 23, 2008,

BETWEEN

CANADIAN PACIFIC RAILWAY COMPANY, a corporation incorporated under the laws of Canada (the **"Corporation")**

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company incorporated under the laws of Canada and having an office in Calgary, Alberta (the **"Trustee")**

WHEREAS the Corporation wishes to create and issue Debentures in the manner provided in this Indenture;

NOW THEREFORE THIS TRUST INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Indenture and in the Debentures, unless there is something in the subject matter or context inconsistent therewith, the following expressions shall have the respective meanings indicated:

"**Affiliate**" means, with respect to any Person, any other Person which, directly or indirectly through one or more Persons, Controls, is Controlled by, or is under common Control with, such Person.

"**Book Entry Only Debentures**" means Debentures of a Series which, in accordance with the terms applicable to such Series, are to be held only by or on behalf of the Depositary.

"**Borrowed Money**" means Indebtedness in respect of moneys borrowed (including interest and other charges in respect thereof) and. moneys raised by the issue of notes, bonds, debentures or other evidences of moneys borrowed.

"**Business Day**" when used with respect to any place of payment or any other particular location referred to in this Indenture or in the Debentures, means, unless otherwise specified with respect to any Debentures pursuant to Section 2.2, each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that place of payment or any other particular location referred to in this Indenture or in the Debentures are authorized or obligated by law or executive order to close.

"Capital Lease Obligation" means the obligation of a Person, as lessee, to pay rent or other amounts to the lessor under a lease of real or personal property which is required to be classified and accounted for as a capital lease on a consolidated balance sheet of such Person in accordance with GAAP.

"CDS" means CDS Clearing and Depository Services Inc. and its successors.

"Certificate of the Corporation", "Order of the Corporation" and "Request of the Corporation" mean, respectively, a written certificate, order and request signed in the name of the Corporation by any two Officers of the Corporation.

"Certified Resolution" means a copy of a resolution certified by an Officer of the Corporation to have been duly passed by the Directors and to be in full force and effect on the date of such certification.

"Consolidated Net Tangible Assets" means the total amount of assets determined on a consolidated basis after deducting therefrom:

(i) all current liabilities (excluding any Indebtedness classified as a current liability and any current liabilities which are by their terms extendible or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed);

(ii) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles; and

(iii) appropriate adjustments on account of minority interests of other Persons holding stock of the Corporation's Subsidiaries,

all as set forth on the most recent consolidated balance sheet of the Corporation and computed in accordance with GAAP.

"Control", "Controlled" and similar expressions mean a relationship between two Persons wherein one of such Persons has the power, through the ownership of Securities, by contract or otherwise, to direct the management and policies of the other of such Persons, and includes, in the case of a corporation, the ownership, either directly or indirectly through one or more Persons, of Securities of such corporation carrying more than 50% of the votes that may be cast to elect the directors of such corporation either under all circumstances or under some circumstances that have occurred and are continuing, other than Securities held as collateral for a *bona fide* debt, provided that such votes, if exercised, are sufficient to elect a majority of the directors of such corporation.

"Corporate Trust Office" means the corporate trust office of the Trustee at which, at any particular time, its corporate trust business relative to this Indenture shall be administered, which office, at the date hereof, is located at Suite 600, 530 - 8th Avenue S.W., Calgary, Alberta T2P 3S8.

"Corporation" means Canadian Pacific Railway Company and its successors and assigns.

"Counsel" means a barrister or solicitor or firm of barristers and solicitors (who may be counsel for the Corporation) retained by the Trustee or retained by the Corporation and acceptable to the Trustee, acting reasonably.

"Debentureholders" or "holders" means, at a particular time, the Persons entered in the Registers as holders of outstanding Debentures at such time.

"Debentureholders Request" means, in respect of a particular Series, an instrument signed in one or more counterparts by Debentureholders holding not less than 25% of the aggregate principal amount of the outstanding Debentures of such Series or, in respect of all Debentures, an instrument signed in one or more counterparts by Debentureholders holding not less than 25% of the aggregate principal amount of all outstanding Debentures, in each case requesting or directing the Trustee to take or refrain from taking the action or proceeding specified therein.

"Debentures" means unsecured debentures or notes of the Corporation issued pursuant to this Indenture, including without limitation medium term notes issued by the Corporation pursuant to the prospectus of the Corporation dated June 1, 2007, as amended, supplemented or renewed from time to time.

"Debt Account" means an account or accounts established by the Corporation (and maintained by and subject to the control of the Trustee) for a Series pursuant to and in accordance with this Indenture.

"Depositary" means CDS or such other Person as is designated in writing by the Corporation to act as depositary in respect of a Series of Book Entry Only Debentures.

"Directors" means the directors of the Corporation or, whenever duly empowered by a resolution of the directors of the Corporation, a committee of the directors of the Corporation, and reference to action by the Directors means action by the directors of the Corporation or action by any such committee.

"Event of Default" has the meaning ascribed to such term in Section 7.1.

"Extraordinary Resolution" has the meaning ascribed to such term in Section 10.13.

"GAAP" means generally accepted accounting principles which are in effect from time to time in Canada or, if the Corporation hereafter determines to prepare its consolidated financial statements in accordance with generally accepted accounting principles which are in effect from time to time in the United States, such principles.

"Global Debenture" means a Debenture representing the aggregate principal amount of a Series of Book Entry Only Debentures.

"Indebtedness" means and includes all items of indebtedness which, in accordance with GAAP, would be included in determining total liabilities as shown on the liability side of a balance sheet as at the date as of which Indebtedness is to be determined, but in any event including, without limitation, (1) obligations in respect of indebtedness for Borrowed Money secured by any Security Interest existing on property owned subject to such Security Interest, whether or not the

obligations secured thereby shall have been assumed, and (2) guarantees and other contingent obligations in respect of, or any obligations to purchase or otherwise acquire or service, indebtedness of any other Person.

"Indenture" has the meaning attributed thereto in Section 1.4.

"Interest Payment Date" means, for each Series of interest-bearing Debentures, a date on which interest is due and payable in accordance with the terms pertaining to such Series.

"Maturity Date" means, with respect to any Debenture, the date on which the principal of such Debenture or an instalment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption, notice of option to elect repayment or otherwise.

"Moody's" means Moody's Investors Service, Inc., or any successor thereto.

"Officer", when used with respect to the Corporation, means the Chairman of the Board, the President, any Vice President, any Treasurer, any Assistant Treasurer, the Comptroller, any Assistant Comptroller, the Secretary or any Assistant Secretary of the Corporation.

"Officer's Certificate" means a certificate of the Corporation signed by any one authorized Officer in his or her capacity as an officer of the Corporation and not in his or her personal capacity.

"Opinion of Counsel" means a written opinion of Counsel.

"Ordinary Resolution" has the meaning ascribed to such term in Section 10.12.

"Original Issue Discount Debenture" means a Debenture which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof pursuant to this Indenture.

"Paying Agent" means a Person authorized by the Corporation to pay the principal, Premium, if any, or interest, if any, payable in respect of any Debentures on behalf of the Corporation, and may include the Corporation and the Trustee.

"Permitted Encumbrances" means any of the following:

(i) any Security Interest existing as of the date of the first issuance by the Corporation of the Debentures issued pursuant to this Indenture, or arising thereafter pursuant to contractual commitments entered into prior to such issuance including, without limitation, any outstanding Perpetual 4(% Consolidated Debenture Stock of the Corporation, whether issued, pledged or vested in trust;

(ii) any Security Interest in favour of the Corporation or any of its wholly owned Subsidiaries;

(iii) any Security Interest existing on the property of any Person at the time such Person becomes a Subsidiary, or arising thereafter pursuant to contractual commitments entered into prior to and not in contemplation of such Person becoming a Subsidiary;

(iv) any Security Interest on property of a Person which Security Interest exists at the time such Person is merged into, or amalgamated or consolidated with, the Corporation or a Subsidiary, or such property is otherwise acquired by the Corporation or a Subsidiary, provided that such Security Interest does not extend to property owned by the Corporation or such Subsidiary immediately prior to such merger, amalgamation, consolidation or acquisition;

(v) any Security Interest already existing on property acquired (including by way of lease) by the Corporation or any of its Subsidiaries at the time of such acquisition or arising thereafter pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;

(vi) any Security Interest securing any Indebtedness incurred in the ordinary course of business and for the purpose of carrying on the same, repayable on demand or maturing within 12 months of the date when such Indebtedness is incurred or the date of any renewal or extension thereof;

(vii) any Security Interest in respect of (a) liens for taxes and assessments not at the time overdue or any liens securing workmen's compensation assessments, unemployment insurance or other social security obligations: provided, however, that if any such liens, duties or assessments are then overdue, the Corporation or the Subsidiary, as the case may be, shall be prosecuting an appeal or proceedings for review with respect to which it shall be entitled to or shall have secured a stay in the enforcement of any such obligations, (b) any lien for specified taxes and assessments which are overdue but the validity of which is being contested at the time by the Corporation or the Subsidiary, as the case may be, in good faith or payment of which has been provided for by creation of a reserve in an amount in cash sufficient to ·pay the same in full, (c) any liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease, (d) any obligations or duties, affecting the property of the Corporation or that of a Subsidiary to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising from the fact that such structures or facilities are constructed or installed on lands held by the Corporation or the Subsidiary under government permits, leases, licenses or other grants, (e) any deposits or liens in connection with contracts, bids, tenders or expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, public and statutory obligations and liens or claims incidental to current construction or operations including but not limited

to, builders', mechanics', laborers', material men's, warehousemen's, carriers' and other similar liens, (f) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit to terminate any such lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition to the continuance thereof, (g) any Security Interest the validity of which is being contested at the time by the Corporation or a Subsidiary in good faith or payment of which has been provided for by creation of a reserve in an amount in cash sufficient to pay the same in full, (h) any easements, rights-of-way and servitudes (including, without in any way limiting the generality of the foregoing, easements, rights-of-way and servitudes for railways, sewers, dykes, drains, gas and water mains or electric light and power or telephone conduits, poles, wires and cables) and minor defects, or irregularities of title that, in the opinion of the Corporation, will not in the aggregate materially and adversely impair the use or value of the land concerned for the purpose for which it is held by the Corporation or the Subsidiary, as the case may be, (i) any security to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the operations of the Corporation or the Subsidiary, as the case may be, (j) any liens and privileges arising out of judgments or awards with respect to which the Corporation or the Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall be entitled to or shall have secured a stay of execution pending such appeal or proceedings for review and (k) reservations, limitations, provisos and conditions, if any expressed in or affecting any grant of real or immoveable property or any interest therein;

(viii) any Security Interest in respect of any Purchase Money Obligation;

(ix) any extension, renewal, alteration or replacement (or successive extensions, renewals, alterations or replacements) in whole or in part, of any Security Interest referred to in the foregoing clauses (i) through (viii) inclusive, provided that the principal amount of the Indebtedness secured thereby on the date of such extension, renewal, alteration or replacement is not increased and the Security Interest is limited to the property or other assets which secured the Security Interest so extended, renewed, altered or replaced (plus improvements on such property or other assets or the proceeds thereof); and

(x) any Security Interest that would otherwise be prohibited (including any extensions, renewals, alterations or replacements thereof) provided that the aggregate Indebtedness outstanding and secured under this clause (x) does not (calculated at the time of the granting of the Security Interest) exceed an amount equal to 10% of Consolidated Net Tangible Assets.

"Person" means any individual, corporation, limited liability company, partnership, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Premium" means, with respect to any Debenture at a particular time, the excess, if any, of the then applicable Redemption Price of such Debenture over the outstanding principal amount of such Debenture.

"Prime Rate" means the rate of interest expressed as a rate per annum which the Corporation's principal Canadian bank designates as its prime rate and which establishes from time to time the reference rate of interest such bank will use to determine the rate of interest it will charge for demand loans in Canadian dollars made in Canada, as such rate may be adjusted from time to time.

"Purchase Money Obligation" means any monetary obligation (including a Capital Lease Obligation) created, assumed or incurred prior to, at the time of, or within 180 days after the acquisition (including by way of lease), construction or improvement of any real or tangible personal property, for the purpose of financing all or any part of the purchase price or lease payments in respect thereof, provided that the principal amount of such obligation may not exceed the unpaid portion of the purchase price or lease payments, as applicable, and further provided that any security given in respect of such obligation shall not extend to any property other than the property acquired in connection with which such obligation was created or assumed and fixed improvements, if any, thereto or erected or constructed thereon and the proceeds thereof.

"Railroad Subsidiary" means a Subsidiary whose principal assets are Railway Properties.

"Railway Properties" means all main and branch lines of railway located in Canada or the United States, including all real property used as the right of way for such lines.

"Redemption Date" has the meaning ascribed to such term in Section 5.3.

"Redemption Price" means, in respect of a Debenture, the amount, excluding interest. payable on the Redemption Date fixed for such Debenture.

"Redemption Price Calculation Date" means the date on which the Redemption Price is to be calculated for Debentures that do not have a fixed Redemption Price, which date shall be the third Business Day prior to the Redemption Date.

"Register" means a register for the registration of Debentures which the Trustee or a Registrar is required or permitted to maintain pursuant to Section 3.1.

"Registrar" means the Trustee or a Person other than the Trustee designated by the Corporation to keep a Register.

"S&P" means Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. or any successor thereto.

"Securities" means any stock, shares, units, instalment receipts, voting trust certificates, bonds, debentures, notes, other evidences of indebtedness, or other documents or instruments commonly known as securities or any certificates of interest, shares or participation in temporary or interim certificates for, receipts for, guarantees of, or warrants, options or rights to subscribe for, purchase or acquire any of the foregoing.

"Security Interest" means any security by way of an assignment, mortgage, charge, pledge, lien, encumbrance, title retention agreement or other security interest whatsoever, howsoever created or arising, whether absolute or contingent, fixed or floating, perfected or not, but not including any security interest in respect of a lease which is not a Capital Lease Obligation or any encumbrance that may be deemed to arise solely as a result of entering into an agreement not in violation of the terms of this Indenture to sell or otherwise transfer assets or property.

"Series" means a series of Debentures which, unless otherwise specified in a Supplemental Indenture or a Term s Schedule, consists of those Debentures which have identical terms and were or are to be issued at the same time, regardless of whether such Debentures are designated as a series.

"Shareholders' Equity" means, with respect to any Person, at any date, the aggregate of the dollar amount of the outstanding share capital, the amount, without duplication, of any surplus, whether contributed or capital, and retained earnings, subject to any currency translation adjustment, all as set forth in such Person's most recent annual consolidated balance sheet prepared in accordance with GAAP .

"Stated Maturity" means the date specified, with respect to a Debenture or any instalment of principal thereof or interest thereon, as the fixed date on which the principal of such Debenture or such instalment of principal or interest is due and payable.

"Subsidiary" means any Person of which there are owned, directly or indirectly, by or for the Corporation or by or for any Person in like relation to the Corporation, Voting Shares or other interests which, in the aggregate, entitle the holders thereof to cast more than 50% of the votes which may be cast by the holders of all outstanding Voting Shares of such first mentioned Person for the election of its directors or, in the case of any Person which is not a corporation, Persons having similar powers or (if there are no such Persons) entitle the holders thereof to more than 50% of the income or capita l interests (however called) thereon and includes any corporation in like relation to a Subsidiary.

"Successor" has the meaning ascribed to such term in Section 9.1 .

"Supplemental Indenture" means an indenture supplemental to this Indenture pursuant to which, among other things, Debentures may be authorized for issue or the provisions of this Indenture may be amended.

"Terms Schedule" has the meaning ascribed to such term in Section 4.1 (b).

"Trustee" means Computershare Trust Company of Canada or its successor or successors or its replacement or replacements pursuant to Section 12.4 for the time being as trustee hereunder.

"Voting Shares" means shares of capital stock of any class of a corporation and other interests of any other Persons having under all circumstances the right to vote for the election of the directors of such corporation or, in the case of any Person which is not a corporation, Persons having similar powers or (if there are no such Persons) income or capital interests (however called), provided that, for the purpose of this definition, shares or other interests which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Shares whether or not such event shall have happened.

1.2 Meaning of "outstanding" for Certain Purposes

Every Debenture certified and delivered by the Trustee hereunder shall be deemed to be outstanding until it is cancelled or delivered to the Trustee for cancellation or money or securities for the payment thereof has been set aside pursuant to Article 8, provided that:

(a) if a new Debenture has been issued in substitution for a Debenture that has been mutilated, lost, stolen or destroyed, only one of such Debentures shall be counted for the purpose of determining the aggregate principal amount of Debentures outstanding;

(b) Debentures that have been partially redeemed, purchased or converted shall be deemed to be outstanding only to the extent of the unredeemed, unpurchased or unconverted part of the principal amount thereof and further provided that in determining the outstanding principal amount of an Original Issue Discount Debenture, the amount deemed to be outstanding for such purpose shall be equal to the amount of principal thereof that would be (or shall have been declared to be) due and payable, at the time of such determination, upon a declaration of acceleration of the maturity thereof pursuant to Section 7.3; and

(c) for the purpose of any provision of this Indenture entitling holders of outstanding Debentures to vote, sign consents, requisitions or other instruments or take any other action under this Indenture or to constitute a quorum at any meeting of Debentureholders, Debentures beneficially owned directly or indirectly by the Corporation or any Affiliate of the Corporation shall be disregarded; provided that

(i) for the purpose of determining whether the Trustee shall be protected in relying on any such vote, consent, requisition or other instrument or action or on the Debentureholders present or represented at any meeting of Debentureholders constituting a quorum, only the Debentures which the Trustee knows are so owned shall be so disregarded; and

(ii) Debentures so owned that have been pledged in good faith other than to the Corporation or an Affiliate of the Corporation shall not be disregarded if the pledgee shall establish to the satisfaction of the Trustee, acting reasonably, the pledgee's right to vote, sign consents, requisitions or other instruments or take such other actions free from the control of the Corporation or any Affiliate of the Corporation;

provided, however, that in determining whether the Debentureholders of the requisite principal amount of the outstanding Debentures have given any request, demand, authorization, direction, notice, consent or waiver hereunder or are present at a meeting of Debentureholders for quorum purposes, the principal amount of an Original Issue Discount Debenture that may be counted in making such determination or calculation and that shall be deemed to 'be outstanding for such purpose shall be equal to the amount of principal thereof that would be (or shall have been declared to be) due and payable, at the time of such determination, upon a declaration of acceleration of the maturity thereof pursuant to Section 7.3.

1.3 Interpretation Not Affected by Headings

The division of this Indenture into Articles, Sections and clauses, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.4 Extended Meanings

In this Indenture, unless otherwise expressly provided herein or unless the context otherwise requires, words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; references to **"Indenture", "this Indenture", "hereto", "herein", "hereof', "hereby", "hereunder"** and similar expressions refer to this trust indenture, and not to any particular Article, Section, clause or other portion hereof, and include all Schedules and amendments hereto, modifications or restatements hereof, and any and every Supplemental Indenture and Terms Schedule; and the expressions **"Article", "Section", "clause"** and **"Schedule"** followed by a number, letter or combination of numbers and letters refer to the specified Article, Section or clause of or Schedule to this Indenture.

1.5 Day Not a Business Day

Except as otherwise provided herein, if any day on which an amount is to be determined or an action is to be taken hereunder at a particular location is not a Business Day, then such amount shall be determined or such action shall be taken at or before the requisite time on the next succeeding day that is a Busi1iess Day at such location.

1.6 Currency

Except as otherwise provided herein, all references m this Indenture to **"Canadian dollars", "dollars"** and "$" are to lawful money of Canada.

1.7 Other Currencies

For the purpose of making any computation under this Inde1iture, any currency other than Canadian dollars shall be converted into Canadian dollars at the Bank of Canada noon rate of exchange on the date on which such computation is to be made.

1.8 Statutes

Each reference in this Indenture to a statute is deemed to be a reference to such statute as amended, re-enacted or replaced from time to time.

1.9 Invalidity of Provisions

Each provision in this Indenture or in a Debenture is distinct and severable and a declaration of invalidity or unenforceability of any such provision by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof or thereof.

1.10 Applicable Law

This Indenture and the Debentures shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable in the Province of Alberta and shall be treated in all respects as Alberta contracts.

ARTICLE 2
THE DEBENTURES

2.1 No Fixed Limitation

The aggregate principal amount of Debentures which may be issued under this Indenture is unlimited, but Debentures may be issued hereunder only upon the terms and subject to the conditions herein provided.

2.2 Issuance in Series

The Debentures may be issued in one or more Series. The Debentures of each Series shall be designated in such manner, shall bear such date or dates and mature on such date or dates, shall bear interest, if any, at such rate or rates accruing from and payable on such date or dates, may be issued at such times and in such denominations, may be redeemable before maturity in such manner and subject to payment of such Premium or without Premium, may be payable as to principal, interest and Premium at such place or places and in such currency or currencies, may be payable as to principal, interest and Premium in Securities of the Corporation or any other Person, may provide for such mandatory redemption, sinking fund or other analogous repayment obligations, may contain such provisions for the exchange or transfer of Debentures of different denominations and forms, may have attached thereto or issued therewith Securities entitling the holders to subscribe for, purchase or acquire Securities of the Corporation or any other Person upon such terms, may give the holders thereof the right to convert Debentures into Securities of the Corporation or any other Person upon such terms, may be defeasible at the option of the Corporation, and may contain such other provisions, not inconsistent with the provisions of this Indenture, as may be determined by the Corporation at or prior to the time of issue of the Debentures of such Series and set forth in a Terms Schedule or, to such extent as the Corporation deems appropriate, in a Supplemental Indenture pertaining to the Debentures of such Series. At the option of the Corporation, the maximum principal amount of Debentures of any Series may be limited, such limitation to be expressed in the Terms

Schedule or Supplemental Indenture providing for the issuance of the Debentures of such Series, and any such limitation may be increased at any time by the Corporation.

2.3 Form of Debentures

The Debentures of any Series may be of different denominations and forms and may contain such variations of tenor and effect, not inconsistent with the provisions of this Indenture, as are incidental to such differences of denomination and form, including variations in the provisions for the exchange of Debentures of different denominations or forms and in the provisions for the registration or transfer of Debentures, and any Series of Debentures may consist of Debentures having different dates of issue, different dates of maturity, different rates of interest, different redemption prices, different sinking fund provisions, and partly of Debentures carrying the benefit of a sinking fund and partly of Debentures with no sinking fund provided therefor.

Subject to the foregoing provisions and subject to any limitation as to the maximum principal amount of Debentures of any particular Series, any Debenture may be issued as part of any Series of Debentures previously issued.

All Debentures and the registration panel and certificate of the Trustee endorsed thereon may be in the forms set out in Schedule A or in such other form or forms (which may include legends) as the Corporation shall determine prior to the time of issue thereof and as shall be approved by the Trustee, whose approval shall be conclusively evidenced by its certification thereof.

The Debentures of any Series may be engraved, lithographed, printed, mimeographed or typewritten, or partly in one form and partly in another, as the Corporation may determine, provided that if the Debentures of any Series are issued in mimeographed or typewritten form, the Corporation, on the demand of any registered holder thereof, shall make available within a reasonable time after such demand, without expense to such holder, engraved, lithographed or printed Debentures in exchange therefor.

2.4 Debentures to Rank Equally

The Debentures will be direct unsecured obligations of the Corporation. The Debentures of each Series will rank equally and pari passu with each other and with the Debentures of every other Series (regardless of their actual dates or terms of issue) and, subject to statutory preferred exceptions, will rank pari passu with all other unsecured and unsubordinated Indebtedness of the Corporation from time to time outstanding, except as to sinking fund provisions applicable to different Series of Debentures and other similar types of obligations of the Corporation.

2.5 Book Entry Only Debentures

Except as otherwise provided in a Terms Schedule or Supplemental Indenture applicable to a Series of Debentures, each Series of Debentures shall be issued as Book Entry Only Debentures represented by a Global Debenture registered in the name of the Depositary or its nominee.

Beneficial owners of interests in Book Entry Only Debentures will have no right to receive definitive Debentures until such time, if any, as:

(a) the Depositary notifies the Corporation that it is unwilling or unable to continue to act as depositary in connection with such Debentures and the Corporation is unable to locate a qualified successor;

(b) the Depositary ceases to be a clearing agency or otherwise ceases to be eligible to be a depositary and the Corporation is unable to locate a qualified successor;

(c) the Corporation determines that such Debentures shall no longer be held as Book Entry Only Debentures; or

(d) an Event of Default has occurred and is continuing with respect to the Debentures of the series issued as a Global Debenture which has not been waived and is continuing and participants in the Depository acting on behalf of beneficial owners of the Debentures representing in aggregate more than 25% of the aggregate principal amount of the Debentures or any particular series thereof then outstanding advise the Depository in writing that the continuation of a book based system through the Depository is no longer in their interest,

following which Debentures in fully registered form shall be issued upon transfer of the Global Debenture representing such Book Entry Only Debentures in accordance with Article 3.

2.6 Signatures on Debentures

All Debentures shall be signed (either manually or by facsimile signature) by any two Officers of the Corporation. A facsimile signature on any Debenture shall for all purposes of this Indenture be deemed to be the signature of the individual whose signature it purports to be and to have been signed at the time such facsimile signature was reproduced, and each Debenture so signed shall be valid and binding upon the Corporation notwithstanding that any individual whose signature (either manual or facsimile) appears on a Debenture is not at the date of this Indenture or at the date of the Debenture or at the date of the certification and delivery thereof an Officer of the Corporation.

2.7 **Certification**

No Debenture shall be issued or, if issued, shall be obligatory or entitle the holder thereof to the benefit hereof until it has been certified by or on behalf of the Trustee substantially in the form set out in Schedule A or in a Terms Schedule or Supplemental Indenture or in some other form acceptable to the Trustee. Such certificate on any Debenture shall be conclusive evidence that such Debenture has been duly issued hereunder and is a valid obligation of the Corporation.

The certificate of the Trustee signed on any Debenture shall not be construed as a representation or warranty by the Trustee as to the validity of this Indenture or of such Debenture or its issuance. The certificate of the Trustee signed on any Debenture shall, however, be a representation and warranty by the Trustee that such Debenture has been duly certified by or on behalf of the Trustee pursuant to the provisions of this Indenture.

2.8 Concerning Interest

Except as otherwise provided in a Terms Schedule or Supplemental Indenture applicable to a Series of Debentures:

(a) every Debenture of a Series, whether issued originally or in exchange or in substitution for previously issued Debentures, shall bear interest from and including the later of:

(i) its date of issue; and

(ii) the last Interest Payment Date to which interest shall have been paid or made available for payment on the outstanding Debentures of the same Series;

(b) interest shall be payable semi-annually in equal instalments;

(c) interest payable for any period of less than six months shall be computed on the basis of a year of 365 days; and

(d) whenever interest is computed on the basis of a year (the **"deemed year")** which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing such product by the number of days in the deemed year.

Subject to accrual of any interest on unpaid interest from time to time, interest on each Debenture will cease to accrue from the earlier of the Maturity Date of such Debenture and, if such Debenture is called for redemption, the Redemption Date, unless, in each case, upon due presentation and surrender of such Debenture for payment on or after such Maturity Date or Redemption Date, as the case may be, such payment is improperly withheld or refused by the Corporation.

Wherever in this Indenture or the Debentures there is mention, in any context, of the payment of interest, such mention is deemed to include the payment of interest on amounts in default to the extent that, in such context, such interest is, was or would be payable pursuant to this Indenture or the Debentures, and express mention of interest on amounts in default in any of the provisions of this Indenture will not be construed as excluding such interest in those provisions of this Indenture in which such express mention is not made. Any such interest on amounts in default shall, unless otherwise set forth in a Terms Schedule or Supplemental Indenture for the applicable Series of Debentures, be calculated and payable at the same rate of interest payable on such Debentures prior to such default.

If the date for payment of any amount of principal, interest or Premium (if any) in respect of any Debenture is not a Business Day at the place of payment, then payment will be made on the next Business Day at such place and the holder of such Debenture will not be entitled to any further interest or other payment in respect of the delay.

Except as otherwise provided in a Terms Schedule or Supplemental Indenture applicable to a Series of Debentures, the Corporation shall pay the interest due upon the principal amount of each interest-bearing Debenture (except interest payable on maturity or redemption of a Debenture which, at the option of the Corporation, may be paid only upon presentation of such Debenture for payment) by forwarding or causing to be forwarded by prepaid ordinary mail (or, in the event of mail service interruption, by such other means as the Trustee and the Corporation determine to be appropriate) a cheque for such interest (less any tax required by law to be deducted or withheld) payable to the holder of such Debenture for the time being at the address appearing on the Register at the close of business on the fifth Business Day prior to the applicable Interest Payment Date unless otherwise directed in writing by the holder or, in the case of registered joint holders, payable to all such joint holders and addressed to one of them at the last address appearing in the applicable Register and negotiable at par at each of the places at which interest upon such Debenture is payable. The forwarding of such cheque shall satisfy and discharge the liability for the interest on such Debenture to the extent of the sum represented thereby (plus the amount of any tax deducted or withheld) unless such cheque is not paid on presentation at any of the places at which such interest is payable. In the event of the non-receipt of such cheque by the applicable Debentureholder or the loss, theft or destruction thereof, the Corporation, upon being furnished with evidence of such non-receipt, loss, theft or destruction and indemnity reasonably satisfactory to it, shall issue or cause to be issued to such Debentureholder a replacement cheque for the amount of such cheque. Notwithstanding the foregoing, the Corporation, at its option, may and shall, if required by applicable law, cause the amount payable in respect of interest to be paid to a Debentureholder by wire transfer to an account maintained by such Debentureholder or in any other manner acceptable to the Trustee.

If payment of interest is made by cheque, such cheque shall be forwarded at least two Business Days prior to the applicable Interest Payment Date and, if payment is made in any other manner, such payment shall be made in a manner whereby the recipient receives credit for such payment on the applicable Interest Payment Date.

2.9 **Payments of Amounts Due on Maturity**

Except as otherwise provided in a Terms Schedule or Supplemental Indenture applicable to a Series of Debentures, the Corporation will establish and maintain with the Trustee a Debt Account for each Series of Debentures. Each such Debt Account shall be maintained by and be subject to the control of the Trustee for the purposes of this Indenture. Prior to 9:00 a.m., Calgary, Alberta time, on each Maturity Date for outstanding Debentures, the Corporation will deposit in the applicable Debt Account an amount sufficient to pay the amount payable in respect of such Debentures (less any taxes required by law to be deducted or withheld) except in respect of Debentures the principal amount of which is payable in instalments, which instalments shall be paid in the same manner as interest is payable on such Debentures. The Trustee will use the funds deposited in a Debt Account to pay, to the holder of a Debenture entitled to receive payment, the principal amount of and Premium, if any, on the Debenture upon surrender of the Debenture at the Corporate Trust Office or at such other place or places as shall be designated for such purpose from time to time by the Corporation and the Trustee. The deposit of such amount to the applicable Debt Account will satisfy and discharge the liability of the Corporation for the Debentures to which the deposit relates to the extent of the amount deposited (plus the amount of any taxes deducted or withheld) and such Debentures, following such deposit, will not

be considered outstanding to the extent of such deposit and the holders thereof will have no right with respect thereto other than to receive out of the amount so deposited the respective amounts to which the holders are entitled. Failure to make a deposit as required pursuant to this Section 2.9 shall constitute default in payment on the Debentures in respect of which the deposit was required to have been made.

2.10 Interim Debentures

Pending the preparation and delivery to the Trustee of definitive Debentures of any Series, the Corporation may execute in lieu thereof (but subject to the same provisions, conditions and limitations as herein set forth) and the Trustee may certify interim printed, mimeographed or typewritten Debentures, in such forms and in such denominations and with such appropriate omissions, insertions and variations as may be approved by the Trustee and any two Officers of the Corporation (whose certification or signature, either manual or facsimile, on any such interim Debentures shall be conclusive evidence of such approval) entitling the holders thereof to receive definitive Debentures of such Series in any authorized denominations and forms when the same are prepared and ready for delivery, without expense to the holders, but the total amount of interim Debentures of any Series so issued shall not exceed the total amount of Debentures of such Series for the time being authorized. Forthwith after the issuance of any such interim Debentures, the Corporation shall cause to be prepared the appropriate definitive Debentures for delivery to the holders of such interim Debentures.

Any interim Debentures when duly issued shall, until exchanged for definitive Debentures, entitle the holders thereof to rank for all purposes as Debentureholders and otherwise in respect of this Indenture to the same extent and in the same manner as though such exchange had actually been made. When exchanged for definitive Debentures, such interim Debentures shall forthwith be cancelled by the Trustee.

2.11 Issue of Substitutional Debentures

If any Debenture issued and certified hereunder shall become mutilated or be lost, destroyed or stolen, the Corporation, in its sole discretion, may issue, and thereupon the Trustee shall certify and deliver, a new Debenture of like date and tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Debenture or in lieu of and in substitution for such lost, destroyed or stolen Debenture. The substituted Debenture shall be in a form approved by the Trustee and shall be entitled to the benefit hereof and rank equally in accordance with its terms with all other Debentures issued or to be issued hereunder. The applicant for a new Debenture shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation and to the Trustee such evidence of ownership and of the loss, destruction or theft of the Debenture so lost, destroyed or stolen as shall be satisfactory to the Corporation and to the Trustee in their discretion, and such applicant may also be required to furnish indemnity, in amount and form satisfactory to the Corporation and the Trustee in their discretion, and shall pay the reasonable charges of the Corporation and the Trustee in connection therewith.

2.12 Option of Holder as to Place of Payment

Except as herein otherwise provided, all amounts which at any time become payable on account of any Debenture or any interest or Premium thereon shall be payable at the option of the holder at any of the places at which the principal and interest in respect of such Debenture are payable.

2.13 Record of Payments

The Trustee shall maintain accounts and records evidencing each payment of principal of and Premium, if any, and interest, if any, on Debentures, which accounts and records shall constitute, in the absence of manifest error, *prima facie* evidence thereof.

None of the Corporation, the Trustee, any Registrar or any Paying Agent will be liable or responsible to any Person for any aspect of the records related to or payments made on account of beneficial interests in any Global Debenture or for maintaining, reviewing or supervising any records relating to such beneficial interests.

2.14 Payment Agreements for Debentures

Notwithstanding any provision in this Indenture or any Debenture to the contrary, the Corporation may enter into an agreement (whether in a Supplemental Indenture or otherwise) with the holder of a Debenture, or with the Person for whom such holder is acting as nominee, providing for the payment, without presentation or surrender of the Debenture or notation of payment thereon, to such holder of the principal of and Premium, if any, and interest, if any, on such Debenture and all other amounts payable hereunder at a place, and by wire transfer of funds or in such other manner, other than the places or the manner specified in this Indenture and in such Debenture as the places and the manner for such payment. The Corporation shall lodge a copy of any such agreement with the Trustee prior to the next Interest Payment Date of any Debentures to which such agreement relates. Any payment of the principal of and Premium, if any, and interest, if any, on any such Debenture and other amounts payable under this Indenture at such other place or in such other manner pursuant to such agreement shall, notwithstanding any other provision of this Indenture or the Debentures, be valid and binding on the Corporation, the Trustee, any Registrar, any Paying Agent, and all holders of Debentures.

2.15 Surrender for Cancellation

If the final principal amount due upon any Debenture shall become payable before the Stated Maturity thereof, the Person presenting such Debenture for payment shall surrender the same for cancellation and the Corporation shall pay or cause to be paid the principal, Premium (if any) and interest accrued and unpaid thereon (computed on a per diem basis if the date fixed for payment is not an Interest Payment Date), and thereupon the provisions of Section 8.1 shall apply to such Debenture.

2.16 Right to Receive Indenture

Each Debentureholder is entitled to receive from the Corporation a copy of this Indenture on written request and upon payment of a reasonable copying charge.

ARTICLE 3
REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP OF DEBENTURES

3.1 Registers

The Corporation will cause to be kept at the Corporate Trust Office, or at such other place as shall be agreed in writing by the Corporation and the Trustee, a central register (the "Central Register") and may cause to be kept in such other place or places, by the Trustee or by such other Registrar or Registrars (if any) as the Corporation may designate, branch registers (each a "Register" and collectively with the Central Register the "Registers") in each of which will be entered the names and latest known addresses of holders of Debentures and the other particulars, as prescribed by law, of the Debentures held by each of them and of all transfers of such Debentures. Such registration will be noted on such Debentures by the Trustee or other Registrar. Every Registrar (including the Trustee) from time to time shall, when requested to do so by the Corporation or by the Trustee, furnish the Corporation or the Trustee, as the case may be, with a list of the names and addresses of the holders of Debentures entered on the Register kept by such Registrar, showing the principal amount and serial numbers of such Debentures held by each holder.

The Registers refe1Ted to in this Section 3.1 shall at all reasonable times be open for inspection by the Corporation, the Trustee and any Debentureholder.

3.2 Transfer of Debentures

A registered holder of a Debenture may at any time and from time to time have such Debenture transferred at any of the places at which a Register is kept pursuant to the provisions of Section 3.1.

No transfer of a Debenture will be effective as against the Corporation unless:

(a) such transfer is made on one of the appropriate Registers by the registered holder of the Debenture or the executor, administrator or other legal representative of, or any attorney for, the registered holder, duly appointed by an instrument in form and execution satisfactory to the Trustee or other Registrar, upon surrender to the Trustee or other Registrar of the Debenture;

(b) such transfer is made in compliance with such requirements as the Trustee or other Registrar may prescribe; and

(c) such transfer has been duly noted on such Debenture by the Trustee or other Registrar.

3.3 Restrictions on Transfer of Global Debentures

Notwithstanding any other provision of this Indenture, a Global Debenture may not be transferred by the Depositary except in the following circumstances or as otherwise specified in a Terms Schedule or Supplemental Indenture relating to such Debenture:

(a) a Global Debenture may be transferred by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or to another nominee of the Depositary or by the Depositary or its nominee to a successor Depositary or its nominee;

(b) a Global Debenture may be transferred at any time after the Depositary for such Global Debenture has notified the Corporation that it is unwilling or unable or no longer eligible to continue as Depositary for such Global Debenture;

(c) a Global Debenture may be transferred at any time after the Corporation has determined, in its sole discretion, that the Book Entry Only Debentures represented by such Global Debenture shall no longer be held as Book Entry Only Debentures; and

(d) a Global Debenture may be transferred at any time after the Trustee has determined that an Event of Default has occurred and is continuing with respect to the Debentures of the Series issued in the form of a Global Debenture, provided that at the time of such transfer the Event of Default has not been waived in accordance with the provisions of this Indenture.

3.4 Transferee Entitled to Registration

The transferee of a Debenture shall be entitled, after the appropriate form of transfer is lodged with the Trustee or other Registrar and upon compliance with all other conditions in that behalf required by this Indenture or by law, to be entered on a Register as the owner of such Debenture free from all equities or rights of setoff or counterclaim between the Corporation and the transferor or any previous holder of such Debenture, except in respect of equities of which the Corporation is required to take notice by statute or regulation or by order of a court of competent jurisdiction.

3.5 Closing of Registers

Except in the case of the Central Register, the Corporation shall have power at any time to close any Register. The Corporation will transfer the registration of any Debentures registered on a Register which the Corporation closes to another existing Register or to a new Register and thereafter such Debentures will be deemed to be registered on such existing or new Register, as the case may be. If the Register in any place is closed and the records transferred to a Register in another place, notice of such change will be given to each Debentureholder registered in the Register so closed and the particulars of such change will be recorded in the Central Register.

Neither the Corporation nor the Trustee nor any Registrar shall be required to:

(a) effect transfers or exchanges of Debentures of any Series on any Interest Payment Date for Debentures of that Series or during the 10 Business Days preceding such Interest Payment Date; or

(b) effect transfers or exchanges of Debentures of any Series from the day of any selection by the Trustee of Debentures of that Series to be redeemed until the day on which notice of redemption is mailed pursuant to Section 5.3.

3.6 Exchange of Debentures

Subject to Section 3.5, Debentures in any authorized form or denomination may be exchanged upon reasonable notice for Debentures of like tenor and effect in any other authorized form or denomination, any such exchange to be for an equivalent aggregate principal amount of Debentures of the same Series, carrying the same rate of interest and having the same Maturity Date and the same redemption and sinking fund provisions, if any.

Debentures of any Series may be exchanged at the Corporate Trust Office or at such other place or places (if any) as may be specified in the Debentures of such Series or in the Terms Schedule or Supplemental Indenture providing for the issuance thereof, and at such other place or places (if any) as may from time to time be designated by the Corporation. Any Debentures tendered for exchange shall be surrendered to the Trustee. The Corporation shall execute and the Trustee shall certify all Debentures necessary to carry out such exchanges. All Debentures surrendered for exchange shall be cancelled.

Debentures issued in exchange for Debentures which at the time of such issue have been selected or called for redemption at a later date shall be deemed to have been selected or called for redemption in the same manner and shall have noted thereon a statement to that effect, provided that:

(a) Debentures which have been selected or called for redemption may not be exchanged for Debentures of larger denominations; and

(b) if a Debenture that has been selected or called for redemption in part is presented for exchange into Debentures of smaller denominations, the Trustee shall designate, according to such ri1ethod as the Trustee shall deem equitable, particular Debentures of those issued in exchange, which shall be deemed to have been selected or called for redemption, in whole or in part, and the Trustee shall note thereon a statement to that effect.

3.7 **Ownership and Entitlement to Payment**

The Person in whose name a Debenture is registered shall be deemed to be the owner thereof for all purposes of this Indenture and payment of or on account of the principal of and Premium, if any, and interest, if any, on such Debenture shall be made only to or upon the order in writing of such Person, and each such payment shall be a good and sufficient discharge to the Corporation, the Trustee, any Registrar and any Paying Agent for the amount so paid.

If a Debenture is registered in the name of more than one Person, the principal, Premium, if any, and interest, if any, from time to time payable in respect thereof may be paid to the order of all such Persons, failing written instructions from them to the contrary, and each such payment shall be a good and sufficient discharge to the Corporation, the Trustee, any Registrar and any Paying Agent for the amount so paid.

Notwithstanding any other prov1s10n of this Indenture, all payments in respect of Debentures represented by a Global Debenture shall be made to the Depositary or its nominee for subsequent payment by the Depositary or its nominee to holders of interests in such Global Debenture.

The registered holder for the time being of a Debenture shall be entitled to the principal, Premium, if any, and interest, if any, evidenced by such Debenture, free from all equities or rights of setoff or counterclaim between the Corporation and the original or any intermediate holder thereof, and all Persons may act accordingly. The receipt by any such registered holder of any such principal, Premium, if any, or interest, if any, shall be a good and sufficient discharge to the Corporation, the Trustee, any Registrar and any Paying Agent for the amount so paid, and neither the Corporation nor the Trustee shall be bound to inquire into the title of any such registered holder.

3.8 Evidence of Ownership

The Corporation and the Trustee may treat the registered holder of a Debenture as the owner thereof without actual production of such Debenture for the purpose of any Debentureholders' Request, requisition, direction, consent, instrument or other document to be made, signed or given by the holder of such Debenture.

3.9 No Notice of Trusts

Neither the Corporation nor the Trustee nor any Registrar nor any Paying Agent shall be bound to take notice of or see to the performance or observance of any duty owed to a third Person (whether under a trust, express, implied, resulting or constructive, in respect of any Debenture or otherwise) by the owner or the registered holder of a Debenture or any Person whom the Corporation or the Trustee treats, as permitted or required by law, as the owner or the registered holder of such Debenture, and the Corporation, the Trustee and any Registrar may transfer such Debenture on the direction of the Person so treated or registered as the holder thereof, whether named as trustee or otherwise, as though that Person was the beneficial owner of such Debenture.

3.10 Charges for Transfer and Exchange

For each Debenture exchanged or transferred, the Trustee or other Registrar, except as otherwise herein provided, may make a reasonable charge for its services and, in addition, may charge a reasonable sum for each new Debenture issued (such amounts to be agreed upon in writing by the Trustee and the Corporation from time to time), and payment of such charges and reimbursement of the Trustee or other Registrar for any stamp taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange or transfer as a condition precedent thereto.

Notwithstanding the foregoing, no charge (except a charge to reimburse the Trustee or other Registrar for any stamp taxes or governmental or other charges) shall be made to a holder of Debentures of any Series, but such reasonable charges of the Trustee or other Registrar shall be made to the Corporation instead:

(a) for any exchange or transfer of any Debenture applied for within a period of 45 days from the date of the first delivery of Debentures of such Series;

(b) for any exchange after such period of Debentures in denominations in excess of $1,000 for Debentures in lesser denominations, provided that the Debentures surrendered for exchange shall not have been issued as a result of any previous exchange other than an exchange pursuant to Section 3.1O(a);

(c) for any exchange of any interim Debenture that has been issued pursuant to Section 2.1O; or

(d) for any exchange of any Debenture resulting from a partial redemption pursuant to Section 5.2.

ARTICLE 4
ISSUE AND DELIVERY OF DEBENTURES

4.1 Issuance of Debentures

The Corporation may issue, and the Trustee shall certify and deliver to or to the order of the Corporation, Debentures issuable under this Indenture, but only upon receipt by the Trustee of the following:

(a) an Officer's Certificate stating that no default exists in respect of any of the covenants, agreements or provisions of this Indenture or, if any such default exists, specifying the nature thereof and the action, if any, being taken by the Corporation to remedy such default; and

(b) an Order of the Corporation for the certification and delivery of such Debentures specifying the principal amount requested to be certified and delivered and having attached a schedule (a "Terms Schedule") specifying the date, principal amount, Maturity Date, interest rate, if any, Interest Payment Dates, if applicable, the amount of interest due on the first Interest Payment Date, if applicable, whether redeemable and, if so, the manner of calculating the Redemption Price, place of delivery, and any other terms of such Debenture, for each Debenture requested to be certified and delivered or, at the option of the Corporation, a Supplemental Indenture in form and terms approved by Counsel providing for the issue of such Debentures.

Upon the certification and delivery by the Trustee of Debentures in accordance with an Order of the Corporation, the Terms Schedule attached to such Order of the Corporation or Supplemental Indenture shall be deemed to be a Schedule to and form part of this Indenture.

4.2 No Debentures to be Issued During Default

No Debentures shall be certified and delivered hereunder, other than pursuant to Sections 2.11, 3.2, 3.6, 5.2 and 5.7, if at the time of such certification and delivery the Corporation, to the knowledge of the Trustee, is in default hereunder, provided that the Trustee may certify and

deliver Debentures notwithstanding such knowledge if the Trustee shall be satisfied that such default is not material, is curable and that the Corporation is taking appropriate action to remedy such default.

ARTICLE 5
REDEMPTION AND PURCHASE OF DEBENTURES

5.1 General

The Corporation, when not in default hereunder, shall have the right at its option to redeem, either in whole at any time or in part from time to time before Stated Maturity, Debentures of any Series which by their terms are made so redeemable, at such rate or rates of Premium, if any, and on such date or dates and on such terms and conditions as shall have been determined at the time of issue of such Debentures and as shall be expressed in such Debentures or in the Supplemental Indenture or Terms Schedule authorizing or providing for the issue thereof; provided, however, that except as otherwise provided in a Terms Schedule or Supplemental Indenture the price at which Debentures shall be redeemed hereunder shall be the higher of the Canada Yield Price (as defined below) and par plus accrued and unpaid interest if any.

"Canada Yield Price" shall mean a price equal to the price of a Debenture calculated to provide a yield from the Redemption Date (as defined below) to the Maturity Date equal to the Government of Canada Yield (as defined below) at 11:00 a.m. (Toronto time) on the fifth Business Day preceding the Redemption Date plus such percentage, if any, as may be set forth in a Terms Schedule or Supplemental Indenture relating to the issue of such Debenture. **"Government of Canada Yield"** on any date shall mean the yield to maturity on such date that would apply to a non-callable Government of Canada Bond, if issued in Canadian Dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the remaining term to maturity of the Debenture. The Government of Canada Yield will be the average of the yields determined by two major Canadian investment dealers selected by the Corporation.

5.2 Partial Redemption of Debentures

If less than all of the Debentures of any Series for the time being outstanding are to be redeemed, the Corporation shall in each such case, at least 15 days before the date upon which the notice of redemption is required to be given, notify the Trustee in writing of the Corporation's intention to redeem Debentures of such Series and of the aggregate principal amount of Debentures to be redeemed. The Debentures to be redeemed shall be selected by the Trustee on a pro rata basis (to the nearest multiple of $1,000) in accordance with the principal amount of Debentures of such Series registered in the name of each holder or by lot or by such other means as the Trustee may deem equitable and expedient. For this purpose the Trustee may make regulations with regard to the manner in which such Debentures may be so selected, and regulations so made shall be valid and binding upon all holders of Debentures. Debentures of denominations in excess of $1,000 may be selected and called for redemption in part only (such part being $1,000 or an integral multiple thereof), and, unless the context otherwise requires, reference to Debentures in this Article 5 shall be deemed to include any such part of the principal

amount of Debentures which shall have been so selected and called for redemption. The holder of any Debenture called for redemption in part only, upon surrender of such Debenture for payment as required by Section 5.5, shall be entitled to receive, without expense to such holder, one or more new Debentures for the unredeemed part of the Debenture so surrendered, and the Trustee shall certify and deliver such new Debenture or Debentures upon receipt of the Debenture so surrendered.

5.3 Notice of Redemption

Notice of intention to redeem any of the Debentures shall be given by or on behalf of the Corporation to the holders of the Debentures which are to be redeemed, not more than 60 days and not less than 30 days prior to the date fixed for redemption (the "Redemption Date"), in the manner provided in Section 11.2. Every notice of redemption shall specify the Series and the Maturity Date of the Debentures called for redemption, the Redemption Date, the Redemption Price or the Redemption Price Calculation Date, as applicable, and the place or places of payment and shall state that all interest thereon shall cease from and after the Redemption Date. In addition, unless all the outstanding Debentures of a Series are to be redeemed, the notice of redemption shall specify:

(a) in the case of a notice mailed to a holder of Debentures, the distinguishing letters and numbers of the Debentures which are to be redeemed (or of such thereof as are registered in the name of such holder);

(b) in the case of a published notice, the distinguishing letters and numbers of the Debentures which are to be redeemed or, if such Debentures are selected by terminal digit or other similar system, such particulars as may be sufficient to identify the Debentures so selected; and

(c) in all cases, the principal amounts of such Debentures or, if any such Debenture is to be redeemed in part only, the principal amount of such part.

5.4 Debentures Due on Redemption Dates

Upon notice having been given as specified in Section 5.3, all the Debentures so called for redemption shall thereupon be and become due and payable at the Redemption Price and on the Redemption Date specified in such notice, in the same manner and with the same effect as if such elate was the Stated Maturity specified in such Debentures, anything therein or herein to the contrary notwithstanding, and from and after such Redemption Date, if the money necessary to redeem such Debentures shall have been deposited as provided in Section 5.5 and affidavits or other proof satisfactory to the Trustee, acting reasonably, as to the publication or mailing of such not ices shall have been lodged with the Trustee, such Debentures shall not be considered as outstanding hereunder and interest upon such Debentures shall cease.

If any question shall arise as to whether any notice bas been given as required or any deposit has been made, such question shall be decided by the Trustee, whose decision shall be final and binding upon all parties in interest.

5.5 Deposit of Redemption Amount

Except as otherwise provided in a Terms Schedule or Supplemental Indenture applicable to a Series of Debentures, upon Debentures having been called for redemption, the Corporation shall deposit with the Trustee or any Paying Agent to the order of the Trustee, on or before the Redemption Date specified in the notice of redemption, such amount as shall be sufficient to pay the Redemption Price of the Debentures to be redeemed. From the amount so deposited the Trustee or the Paying Agent, as applicable, shall pay or cause to be paid to the holders of such Debentures called for redemption, upon surrender of such Debentures, the Redemption Price to which they are respectively entitled on the Redemption Date.

5.6 Failure to Surrender Debentures Called for Redemption

If the holder of any Debenture called for redemption fails on or before the date specified for redemption to surrender such Debenture, or does not within such time accept payment of the Redemption Price payable in respect thereof or give such receipt therefor, if any, as the Trustee may require, such Redemption Price may be deposited in trust either with the Trustee or with a chartered bank, at such commercially reasonable rate of interest as the Trustee or such bank may allow, and such deposit shall for all purposes be deemed a payment to such holder of the sum so deposited and, to that extent, the Debenture shall thereafter not be considered as outstanding hereunder and such holder shall have no right other than to receive payment out of the amount so deposited, upon surrender and delivery of such holder's Debenture, of the Redemption Price of such Debenture. Any interest accruing on such amount so deposited shall be for the account of the Corporation and paid over to the Corporation on demand.

5.7 Purchase of Debentures

Except as otherwise provided in the Terms Schedule or Supplemental Indenture applicable to a Series of Debentures, the Corporation may, at any time when it is not in default hereunder, purchase all or any of the Debentures in the market (which shall include purchase from or through an investment dealer or stock exchange member) or by tender or by private contract. All Debentures so purchased shall forthwith be delivered to the Trustee and shall be cancelled by it and, subject to Section 5.2; no Debentures shall be issued in substitution therefor.

If, upon an invitation for tenders, more Debentures are tendered at the same lowest price than the Corporation is prepared to accept, the Debentures to be purchased by the Corporation will be selected by the Trustee, in such manner (which may include selection by lot, selection on a pro rata basis, random selection by computer or any other method) as the Trustee considers appropriate, from the Debentures tei1dered by each tendering Debentureholder who tendered at such lowest price. For this purpose the Trustee may make, and from time to time amend, regulations with respect to the manner in which Debentures may be so selected, and regulations so made shall be valid and binding upon all Debentureholders, notwithstanding the fact that, as a result thereof, one or more of such Debentures become subject to purchase in part only. The holder of a Debenture of which a part only is purchased, upon surrender of such Debenture for payment, shall be entitled to receive, without charge to such holder, one or more new Debentures for the unpurchased part so surrendered, and the Trustee shall certify and deliver such new Debenture or Debentures upon receipt of the Debenture so surrendered.

5.8 Cancellation of Debentures

Subject to the provisions of Section 5.2 as to Debentures redeemed in part, all Debentures purchased or redeemed in whole or in part by the Corporation under the provisions of this Article 5 shall not be reissued or resold and shall be forthwith delivered to and cancelled by the Trustee, and no Debentures of the same Series shall be issued in substitution therefor and the provisions of Section 8.1 shall apply to any such cancelled Debentures.

ARTICLE 6
COVENANTS OF THE CORPORATION

6.1 General Covenants

The Corporation covenants with the Trustee that so long as any Debentures remain outstanding:

(a) it will well, duly and punctually pay or cause to be paid to every holder of every Debenture, the principal thereof, interest accrued thereon, if any, (including, in the case of default, interest on the amount in default), and Premium, (if any thereon), as the case may be, at the dates and places, in the currency and in the manner mentioned herein and in such Debentures;

(b) except as herein otherwise expressly provided, it will at all times maintain its corporate existence and will carry on and conduct its business in a proper, efficient and businesslike manner and in accordance with good business practice; and

(c) it will keep proper books of account in accordance with GAAP and will, if and whenever it is so required in writing by the Trustee, file with the Trustee a copy of each annual or other regular periodic report of the Corporation furnished to its ordinary shareholders after the date hereof.

6.2 Negative Pledge

The Corporation covenants with the Trustee that so long as any Debentures remain outstanding the Corporation will not, and will not permit any Subsidiary to, from and after the date hereof, create, assume or otherwise have outstanding any Security Interest, except for Permitted Encumbrances, on or over any present or future Railway Properties of the Corporation or any of its Subsidiaries or on any shares in the capital stock of any Railroad Subsidiary securing any Indebtedness, unless, at the same time or prior thereto, it secures or causes to be secured equally and rateably with such Indebtedness payment of the principal of and interest and Premium (if any) on the Debentures outstanding from time to time and all other moneys owing from time to time under this Indenture.

6.3 **Annual Certificate of Compliance**

Within 120 days after the end of each fiscal year of the Corporation and at any other time if requested by the Trustee, the Corporation will furnish the Trustee with a Certificate of the

Corporation, certifying that after reasonable investigation and inquiry the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance of which would, with the giving of notice, lapse of time or otherwise, constitute an Event of Default hereunder, or, if such is not the case, setting forth with reasonable particulars the circumstances of any failure to comply and steps taken or proposed to be taken to eliminate such circumstances and remedy such Event of Default, as the case may be.

6.4 Trustee's Remuneration and Expenses

The Corporation will pay to the Trustee from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of the trusts created hereby (including the reasonable fees and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Trustee under such trusts are finally and fully performed, except any such expenses, disbursements or advances as may arise from the negligence or wilful misconduct of the Trustee. Any amount due under this Section 6.4 and unpaid 30 days after request for such payment will bear interest from the expiration of such 30 days at a rate per annum equal to the Prime Rate. After default, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Trustee or its successors in the trusts hereunder in priority to the payment of the principal of, Premium, if any, and interest, if any, on the Debentures.

6.5. Not to Accumulate Interest

In order to prevent any accumulation after maturity of unpaid interest, the Corporation will not, except with the approval of the Debentureholders expressed by Extraordinary Resolution, directly or indirectly, extend or assent to the extension of time for payment of any interest payable on registered Debentures or be a party to or approve any such arrangement by purchasing or funding any interest or in any other manner. If the time for payment of any such interest shall be so extended, whether for a definite period or otherwise, the registered owners entitled to such interest shall not be entitled in case of default hereunder to the benefit of these presents except subject to the prior payment in full of the principal of and Premium, if any, on all Debentures and of all matured interest on such Debentures, the payment of which has not been so extended, and of all other moneys payable hereunder.

6.6 Performance of Covenants by Trustee

If the Corporation fails to perform any of its covenants contained in this Indenture, the Trustee may itself perform any of such covenants capable of being performed by it, but will be under no obligation to do so. All sums expended or advanced by the Trustee for such purpose will be repayable as provided in Section 6.4. No such performance or advance by the Trustee shall relieve the Corporation of any default hereunder.

ARTICLE 7
DEFAULT AND ENFORCEMENT

7.1 Events of Default

Each of the following events is herein sometimes referred to as an "Event of Default" in relation to a Series of Debentures:

(a) the Corporation makes default in payment of the principal of or Premium (if any) on any Debenture of that Series when the same becomes due under any provision hereof or of such Debenture and any such default shall have continued for a period of two Business Days;

(b) the Corporation makes default in payment of any interest due on any Debenture of that Series or of any sinking fund payment in respect of any Debenture of that Series and any such default shall have continued for a period of 30 days;

(c) the Corporation makes default in the observance of the covenant contained in Section 6.2 for a period of 30 days after notice in writing has been given by the Trustee to the Corporation specifying such default and requiring the Corporation to put an end to the same;

(d) an order shall be made or an effective resolution shall be passed for the winding-up or liquidation of the Corporation, except in the course of carrying out, or pursuant to, a transaction in respect of which the provisions of Article 9 hereof are applicable and the conditions thereof are duly observed and performed;

(e) the Corporation shall make a general assignment for the benefit of its creditors or a proposal under applicable bankruptcy laws or otherwise acknowledges its insolvency in writing;

(f) the Corporation shall be declared bankrupt, or a custodian or a sequestrator or receiver and manager or any other officer with similar powers shall be appointed in respect of the Corporation or of all of the property of the Corporation or any part thereof which is, in the opinion of the Trustee, a substantial and material part thereof and, if such appointment is other than a judicial appointment, such appointment shall not be contested in good faith and remains undischarged for 30 days;

(g) an encumbrancer shall legally take possession of all of the property of the Corporation or any part thereof which is, in the opinion of the Trustee, a substantial and material part thereof or a distress or execution or any similar process be levied or enforced against such property and, in either event, remains unsatisfied for such period as would permit such property or such part thereof to be sold thereunder;

(h) any Indebtedness for Borrowed Money of the Corporation in excess of the greater of (i) $100,000,000 in lawful money of Canada (or its equivalent in any other

currency), and (ii) 2% of the Shareholders' Equity of the Corporation, in the aggregate at the time of default is declared to be payable before the stated maturity thereof by reason of default or is not repaid at maturity (or by the expiry of any applicable grace period or period of waiver if longer) or any guarantee given by the Corporation of any Indebtedness for Borrowed Money in excess of the greater of (i) $100,000,000 in lawful money of Canada (or its equivalent in any other currency), and (ii) 2% of the Shareholders' Equity of the Corporation, is not honoured when due and called upon;

(i) the Corporation shall neglect to carry out or observe any other covenant or condition herein on its part to be observed or performed and, notice in writing having been given by the Trustee to the Corporation to put an end to the same, the Corporation shall fail to make good such default within a period of 90 days after the giving to it of such notice, unless the Trustee (having regard to the subject matter of such neglect or non-observance) shall have agreed to a longer period and, in such latter event, within the period agreed to by the Trustee; or

j) any other Event of Default provided in or pursuant to a Terms Schedule or a Supplemental Indenture establishing the terms of such Series of Debentures as provided in Section 4.1 or in the form or forms of Debentures for such Series.

7.2 Notice of Event of Default

If an Event of Default shall occur and be continuing, the Trustee shall, within 30 days after it becomes aware of the occurrence of such Event of Default, give notice of such Event of Default to the Debentureholders in the manner provided in Section 11.2.

If notice of an Event of Default has been given to Debentureholders and the Event of Default is thereafter remedied or cured, notice that the Event of Default is no longer continuing shall be given by the Trustee to the Persons to whom notice of the Event of Default was given pursuant to this Section 7.2, such notice to be given within a reasonable time not to exceed 30 days, after the Trustee becomes aware that the Event of Default has been remedied or cured.

7.3 Acceleration

Subject to the prov1s1ons of Section 7.4, if an Event of Default shall occur and be continuing, the Trustee may, in its discretion, and shall, upon receipt of a Debentureholders' Request, by notice in writing to the Corporation, declare the principal of and interest, if any, on all Debentures of the applicable Series then outstanding and the Premium, if any, thereon. which would have been payable if the Corporation had redeemed the Debentures (otherwise than out of sinking fund amounts) on the date of such declaration and all other amounts outstanding hereunder to be due and payable and the same shall forthwith become immediately due and payable to the Trustee, anything therein or herein to the contrary notwithstanding. Notwithstanding anything contained in this Indenture or the Debentures to the contrary, if the Trustee makes such declaration, the Corporation will pay to the Trustee forthwith for the benefit of the Debentureholders the amount of principal of and Premium, if any, and accrued and unpaid interest, if any, (including interest on amounts in default) on all Debentures of that Series

outstanding and all other amounts payable in regard thereto under this Indenture, together with interest thereon at the· rate borne by such Debentures from the date of such declaration until payment is received by the Trustee. Such payment, when made, will be deemed to have been made in discharge of the Corporation's obligations under this Indenture and any amounts so received by the Trustee shall be applied in the manner provided in Section 7.7.

7.4 Waiver of Event of Default

Upon the happening of an Event of Default, the holders of not less than 66 2/3 % of the principal amount of the Debentures affected by the Event of Default then outstanding (or not less than 100% in the case of a continuing failure to make payment of principal or Premium required by Section 7. l (a)) shall have power by requisition in writing to instruct the Trustee to waive such Event of Default and to cancel any declaration made by the Trustee pursuant to Section 7.3, and the Trustee shall thereupon waive the Event of Default or cancel such declaration upon such terms and conditions as shall be prescribed in such requisition.

No delay or omission of the Trustee or of the Debentureholders in exercising any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and no act or omission, either of the Trustee or of the Debentureholders, shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

7.5 Enforcement by the Trustee

Subject to the provisions of Section 7.4 and to the provisions of any Extraordinary Resolution, if the Corporation shall fail to pay to the Trustee, forthwith after the same shall have been declared to be due and payable under Section 7.3, the principal of and Premium, if any, and interest, if any, on any Series of Debentures then outstanding, together with any other amounts due hereunder, the Trustee shall, upon receipt of a Debentureholders' Request and upon being indemnified to its reasonable satisfaction, and/or being furnished to its reasonable satisfaction with sufficient funds and security, against all costs, expenses and liabilities to be incurred, proceed in its name as trustee hereunder to obtain or enforce payment of such principal of and Premium, if any, and interest, if any, on the Debentures of that Series together with any other amounts due hereunder by such proceedings authorized by this Indenture or by law or equity as the Trustee in such request shall have been directed to take, or if such request contains no such direction, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Trustee shall deem expedient.

The Trustee shall be entitled and empowered, either in its own name or as trustee of an express trust, or as attorney-in-fact for the holders of the Debentures, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Trustee and of the holders of the Debentures allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Corporation or its creditors or relative to or affecting its property. The Trustee is hereby irrevocably appointed (and the successive respective holders of the Debentures by taking and holding the same shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective holders of the Debentures with

authority to make and file in the respective names of the holders of the Debentures or on behalf of the holders of the Debentures as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the holders of the Debentures themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof in accordance with Section 7.6 and subject to Section 10.11(f) and Section 10.11(g), and to execute any such other documents and to do and perform any and all such acts and things, for and on behalf of such holders of the Debentures, as may be necessary or advisable, in the opinion of the Trustee, in order to have the respective claims of the Trustee and of the holders of the Debentures against the Corporation or its property allowed in any such proceeding, and to receive payment of or on account of such claims, provided that nothing contained in this Indenture shall be deemed to give to the Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Debentureholder.

The Trustee shall also have power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Debentureholders.

All rights of action hereunder may be enforced by the Trustee without the possession of any of the Debentures or the production thereof on the trial or other proceedings relative thereto. Any such suit or proceeding instituted by the Trustee shall be brought in the name of the Trustee as trustee of an express trust, and any recovery of judgment shall be for the rateable benefit of the holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought b)' the Trustee (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Trustee shall be a party), the Trustee shall be held to represent all the holders of the Debentures, and it shall not be necessary to make any holders of the Debentures parties to any such proceeding.

7.6 Suits by Debentureholders

No holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of or any Premium or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Corporation wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy unless:

(a) the Debentureholders, by Extraordinary Resolution or by Debentureholders' Request, shall have made a request to the Trustee and the Trustee shall have been afforded reasonable opportunity either for itself to proceed to exercise the powers conferred upon it or to institute an action, suit or proceeding in its name for such purpose;

(b) the Debentureholders or any of them shall have furnished to the Trustee, when so requested by the Trustee, sufficient funds and security and indemnity satisfactory

to the Trustee against the costs, expenses and liabilities to be incurred therein or thereby; and

(c) the Trustee shall have failed to act within a reasonable time after such notification, request and provision of indemnity.

If a Debentureholder has the right to institute proceedings under this Section 7.6, such Debentureholder, acting on behalf of itself and all other Debentureholders, will be entitled to commence proceedings in any court of competent jurisdiction in which the Trustee might have commenced proceedings under Section 7.5, but in no event will any Debentureholder or combination of Debentureholders have any right to seek any other remedy or institute proceedings out of court. No one or more Debentureholders will have any right in any manner whatsoever to enforce any right under this Indenture or under any Debenture, except in accordance with the conditions and in the manner provided in this Indenture.

7.7 Application of Money

Except as herein otherwise expressly provided, any money received by the Trustee or a Debentureholder pursuant to the provisions of this Article 7 or as a result of legal or other proceedings, or from any trustee in bankruptcy or liquidator of the Corporation, shall be applied, together with other money in the hands of the Trustee available for such purpose, as follows:

(a) first, in payment or in reimbursement to the Trustee of its compensation, costs, charges, expenses, borrowings, advances or other amounts furnished or provided by or at the instance of the Trustee in or about the execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;

(b) second, subject to the provisions of Section 6.4 and this Section 7.7, in payment of the principal of and Premium, if any, and accrued and unpaid interest, if any, and interest on amounts in default on the Debentures, if any, which shall then be outstanding in the priority of principal first and then Premium and then accrued and unpaid interest and interest on amounts in default unless otherwise directed by an Extraordinary Resolution, and in that case in such order or priority as between principal, Premium and interest as may be directed by such Extraordinary Resolution; and

(c) third, in payment of the surplus, if any, of such money to the Corporation or its assigns unless otherwise required by law;

provided, however, that no payment shall be made pursuant to Section 7.7(b) in respect of the principal of or Premium or interest on any Debenture held, directly or indirectly, by or for the benefit of the Corporation or any Subsidiary of the Corporation (other than any Debenture pledged for value and in good faith to a Person other than the Corporation or such subsidiary, but only to the extent of such Person's interest therein) until the prior payment in full of the principal of and Premium and interest on all Debentures which are not so held.

7.8 Distribution of Proceeds

Payments to holders of Debentures pursuant to Section 7.7(b) shall be made as follows:

(a) at least 15 days' notice of every such payment shall be given in the manner provided in Section 11.2 specifying the time and the place or places at which the Debentures are to be presented and the amount of the payment and the application thereof as between principal, Premium and interest;

(b) payment in respect of any Debenture shall be made upon presentation thereof at any one of the places specified in such notice and any such Debenture thereby paid in full shall be surrendered, otherwise a memorandum of such payment shall be endorsed thereon, but the Trustee may in its discretion dispense with presentation and surrender or endorsement in any case upon such indemnity being given as the Trustee shall consider sufficient;

(c) from and after the date of payment specified in the notice, interest shall accrue only on the amount owing on each Debenture after giving credit for the amount of the payment specified in such notice unless the Debenture in respect of which such amount is owing is duly presented on or after the date so specified and payment of such amount is not made; and

(d) the Trustee shall not be required to make any payment to Debentureholders unless the amount in its hands, after reserving therefrom such amount as the Trustee may think necessary to provide for the payments referred to in Section 7.7(a), exceeds two per cent of the aggregate principal amount of the Debentures then outstanding.

7.9 Remedies Cumulative

No remedy herein conferred upon or reserved to the Trustee or upon or to the Debentureholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law.

7.10 Judgment Against the Corporation

In case of any judicial or other proceedings to enforce the rights of the Debentureholders, judgment may be rendered against the Corporation in favour of the Debentureholders or in favour of the Trustee, as trustee for the Debentureholders, for any amount which may remain due in respect of the principal of the Debentures, the Premium, if any, and the interest, if any, thereon.

7.11 Immunity of Shareholders, Directors and Officers

The Debentureholders and the Trustee hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future incorporator, shareholder, director or officer of the Corporation or of any Successor for the

payment of the principal of or Premium or interest on any of the Debentures or on any covenant, agreement, representation or warranty by the Corporation herein or in the Debentures contained.

ARTICLE 8
CANCELLATION, DISCHARGE AND DEFEASANCE

8.1 Cancellation and Destruction

All Debentures shall, forthwith after payment is made in respect thereof, be delivered to the Trustee and cancelled by it. All Debentures cancelled or required to be cancelled under this or any other provision of this Indenture shall be destroyed by the Trustee, and if required by the Corporation the Trustee shall furnish to the Corporation a destruction certificate in respect of the Debentures so destroyed.

8.2 Non-Presentation of Debentures

If the holder of any Debenture shall fail to present the same for payment on the date on which the outstanding principal thereof and Premium, if any, become payable either at Stated Maturity or otherwise or shall not accept payment on account thereof and give such receipt therefor, if any, as the Trustee may require, then:

(a) the Corporation shall be entitled to pay to the Trustee and direct it to set aside; or

(b) in respect of money in the hands of the Trustee which may or should be applied to the payment of the Debentures, the Corporation shall be entitled to direct the Trustee to set aside; or

(c) in the case of redemption pursuant to notice given by the Trustee, the Trustee may itself set aside,

the outstanding principal amount and the Premium, if any, and interest, if any, in trust to be paid to the holder of such Debenture upon due presentation or surrender thereof in accordance with the provisions of this Indenture, and thereupon the outstanding principal amount and Premium, if any, and interest, if any, payable on such Debenture in respect of which such amount has been set aside shall be deemed to have been paid and the holder thereof shall thereafter have no right in respect thereof other than to receive payment of the amount so set aside (without interest) upon due presentation and surrender thereof, subject to the provisions of Section 8.3. Any interest earned upon the amount so set aside shall be payable to the Corporation.

8.3 Repayment of Unclaimed Money

Any amount set aside under Sections 5.6 or 8.2 and not claimed by and paid to holders of Debentures as provided in Sections 5.6 or 8.2 within six years after the later of the date of such setting aside and the applicable Maturity Date shall be repaid to the Corporation by the Trustee on demand, together with any interest accrued thereon, and thereupon the Trustee shall be released from all further liability with respect to such amount and thereafter the holders of the Debentures in respect of which such amount was so repaid to the Corporation shall have no

rights in respect thereof and the Corporation shall be discharged from its obligations in respect thereof.

8.4 Discharge

Upon proof being given to the Trustee that the principal of all the Debentures and the Premium, if any, thereon and interest (including interest on amounts in default), if any, thereon and other amounts payable hereunder have been paid or satisfied or that all the outstanding Debentures having matured or having been duly called for redemption, or the Trustee having been given irrevocable instructions by the Corporation to publish within 90 days of such instructions notice of redemption of all the outstanding Debentures, such payment or redemption has been duly and effectually provided for by payment to the Trustee or otherwise, and upon payment of all costs, charges and expenses properly incurred by the Trustee in relation to this Indenture and all interest thereon and the remuneration of the Trustee, or upon provision satisfactory to the Trustee being made therefor, the Trustee shall, at the request and at the expense· of the Corporation, execute and deliver to the Corporation such deeds or other instruments as shall be required to evidence the satisfaction and discharge of this Indenture and to release the Corporation from its covenants herein contained other than those relating to the indemnification of the Trustee.

8.5 Defeasance

At any time that Debentures of any Series are outstanding, the Trustee will, at the request and expense of the Corporation, execute and deliver to the Corporation such deeds and other instruments necessary to release the Corporation, subject to this Article 8, from the terms of this Indenture relating to such Series of Debentures, except those relating to the indemnification of the Trustee and except for the provisions of Section 2.11 and Article 3 and the provisions of Article 1 applicable thereto, subject to the following:

(a) the Corporation shall have delivered to the Trustee evidence that the Corporation has:

(i) deposited sufficient funds for payment of all principal, Premium, interest and other amounts due or to become due on such Series of Debentures to the Stated Maturity thereof;

(ii) deposited funds or made provision for the payment of all expenses of the Trustee to carry out its duties under this Indenture in respect of such Series; and

(iii) deposited funds for the payment of taxes arising with respect to all deposited funds or other provision for payment in respect of such Series.

in each case irrevocably, pursuant to the terms of a trust agreement in form and substance satisfactory to the Corporation and the Trustee;

(b) except in respect of taxes for the payment of which funds have been. deposited pursuant to Section 8.S(a)(iii), the Trustee shall have received an Opinion of

Counsel to the effect that the holders of the Debentures of such Series will not be subject to any additional taxes as a result of the exercise by the Corporation of the defeasance option provided in this Section 8.5 and that they will be subject to taxes, if any, including those in respect of income (including taxable capital gains) on the same amount, in the same manner and at the same time or times as would have been the case if such option had not been exercised;

(c) no Event of Default shall have occurred and be continuing on the date of the deposit referred to in Section 8.5(a);

(d) such release does not result in a breach or Violation of, or constitute a default under, any material agreement or instrument to which the Corporation is a party or by which the Corporation is bound;

(e) the Corporation shall have delivered to the Trustee an Officer's Certificate stating that the deposit referred to in Section 8.5(a) was not made by the Corporation with the intent of preferring the holders of such Series of Debentures over the other creditors of the Corporation or with the intent of defeating, hindering, delaying or defrauding creditors of the Corporation; and

(f) the Corporation shall have delivered to the Trustee an Officer's Certificate stating that all conditions precedent provided for or relating to the exercise of such defeasance option have been complied with.

The Corporation will be deemed to have made due provision for the depositing of funds if it deposits or causes to be deposited with the Trustee under the terms of an irrevocable trust agreement in form and substance satisfactory to the Corporation and the Trustee (each acting reasonably), solely for the benefit of the holders of a particular Series of Debentures stated therein, cash or Securities denominated in the currency in which principal is payable constituting direct obligations of Canada or the United States or an agency or instrumentality of Canada or the United States, which will be sufficient, in the reasonable opinion of a firm of independent chartered accountants or an investment dealer acceptable to the Trustee, to provide for payment in full of such Series of Debentures and all other amounts from time to time due and owing under this Indenture which pertain to such Series. All amounts so deposited shall be kept in a segregated trust account of the Trustee and only invested in short-term investments with governmental or corporate entities having a credit rating of at least A from S&P or Moody's and a combined capital and surplus of at least $50,000,000.

The Trustee will hold in trust all money or Securities deposited with it pursuant to this Section 8.5 and will apply the deposited money and the money from such Securities in accordance with this Indenture to the payment of principal of and Premium, if any, and interest, if any, on the Debentures and, as applicable, other amounts.

If the Trustee is unable to apply any money or Securities in accordance with this Section 8.5 by reason of any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Corporation's obligations under this Indenture and the Debentures will be revived and reinstated as though no

money or Securities had been deposited pursuant to this Section 8.5 until such time as the Trustee is permitted to apply all such money or Securities in accordance with this Section 8.5, provided that if the Corporation has made any payment in respect of principal, Premium or interest on such Debentures or, as applicable, other amounts because of the reinstatement of its obligations, the Corporation will be subrogated to the rights of the holders of such Debentures to receive such payment from the money or Securities held by the Trustee.

ARTICLE 9
CONSOLIDATION, MERGER, AMALGAMATION, SALE OR TRANSFER

9.1 Consolidation, Merger, Amalgamation or Succession to Business

So long as any Debentures are outstanding, the Corporation shall not enter into any transaction (whether by way of consolidation, amalgamation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person (any such Person being herein referred to as a "Successor") unless:

(a) prior to or contemporaneously with the consummation of such transaction the Corporation and/or the Successor shall have executed such instruments, which may include a Supplemental Indenture, and done such things, if any, as are necessary or advisable to establish that upon the consummation of such transaction:

(i) the Successor will have assumed all the covenants and obligations of the Corporation under this Indenture in respect of the Debentures of every Series; and

(ii) the Debentures of every Series will be valid and binding obligations of the Successor entitling the holders thereof, as against the Successor, to all the rights of holders of Debentures under this Indenture;

it being understood, for greater certainty, that no Supplemental Indenture shall be required if the transaction in question is an amalgamation of the Corporation with any one or more corporations, which amalgamation is governed by the statutes of Canada or any province thereof and, upon the effectiveness of such amalgamation, the Successor shall continue to be liable for all of the covenants and obligations of the Corporation under this Indenture in respect of the Debentures of every Series by operation of law;

(b) the Successor is a corporation, company, partnership or trust organized and validly existing under the laws of Canada or any province thereof or of the United States, any state thereof or the District of Columbia;

(c) the Corporation has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each stating that such transaction and such Supplemental Indenture comply with this Article and all conditions precedent herein provided for relating to such transaction have been complied with; and

immediately before and after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing.

(d)

9.2 Successor to Possess Powers of the Corporation

Whenever the conditions of Section 9.1 have been duly observed and performed, the Successor shall possess and from time to time may exercise each and every right and power of the Corporation under this Indenture, in the name of the Corporation or otherwise, and any act or proceeding required by any provision of this Indenture to be done or performed by any Directors or Officers of the Corporation may be done and performed with like force and effect by the like directors or officers of the Successor.

ARTICLE 10
MEETINGS OF DEBENTUREHOLDERS

10.1 Right to Convene Meeting

The Trustee may at any time and from time to time convene a meeting of Debentureholders, and the Trustee shall convene a meeting of Debentureholders upon receipt of a Request of the Corporation or a Debentureholders' Request and upon being indemnified to its reasonable satisfaction by the Corporation or by the Debentureholders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting. If the Trustee fails within 30 days after receipt of any such request and such indemnity to give notice convening a meeting, the Corporation or such Debentureholders, as the case may be, may convene such meeting. Every such meeting shall be held in Calgary, Alberta, or Toronto, Ontario or at such other place as may be approved or determined by the Trustee or the Corporation.

10.2 Notices of Meetings

At least 15 days' notice of any meeting shall be given to the Debentureholders in the manner provided in Section 11.2 and a copy thereof shall be sent by mail to the Trustee (unless the meeting has been called by it) and to the Corporation (unless the meeting has been called by it). Such notice shall state the time and place at which the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat, and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article.

10.3 Chairman

The Chief Executive Officer of the Corporation, if present, will be the chairman of any meeting of Debentureholders, failing which an individual (who need not be a Debentureholder) nominated in writing by the Trustee shall be chairman of the meeting. If no individual is so nominated, or if the individual so nominated is not present within 15 minutes from the time fixed for the holding of the meeting, the Debentureholders present in person or represented by proxy shall choose an individual present to be chairman.

10.4 Quorum

Subject to the provisions of Section 10.13, at any meeting of the Debentureholders a quorum shall consist of one or more Debentureholders present in person or represented by proxy and owning or representing at least 25% of the aggregate principal amount of the Debentures then outstanding. If a quorum of the Debentureholders is not present within 30 minutes from the time fixed for holding any meeting, the meeting, if convened by the Debentureholders, shall be dissolved, but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day, in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place, and no notice shall be required to be given in respect of such reconvened meeting. At the reconvened meeting, the Debentureholders present in person or represented by proxy shall constitute a quorum and may transact the business for which the reconvened meeting was originally convened notwithstanding that they may not represent at least 25% of the aggregate principal amount of the Debentures then outstanding.

10.5 Power to Adjourn

The chairman of a meeting at which a quorum of Debentureholders is present may, with the consent of the holders of a majority of the aggregate principal amount of the Debentures present or represented thereat, adjourn such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

10.6 Show of Hands

Except as otherwise provided in this Indenture, every resolution submitted to a meeting shall be decided by a majority of the votes cast on a show of hands, and unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

10.7 Poll

On every Extraordinary Resolution and on any other resolution submitted to a meeting in respect of which the chairman or one or more Debentureholders or proxyholders for Debentureholders holding at least $10,000 principal amount of Debentures demands a poll, a poll shall be taken in such manner and either at once or after an adjournment as the chairman shall direct. Resolutions other than Extraordinary Resolutions shall, if a poll is taken, be decided by the votes of the holders of a majority of the principal amount of the Debentures represented at the meeting and voted on the poll.

10.8 Voting

On a show of hands, every Person who is present and entitled to vote, whether as a Debentureholder or as proxyholder for one or more Debentureholders or both, shall have one vote. On a poll, each Debentureholder present in person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each $1,000 principal amount of Debentures of which he is then the holder. A proxyholder need not be a

Debentureholder. In the case of joint registered holders of a Debenture, any one of them present in person or represented by proxy at the meeting may vote in the absence of the other or others, but if more than one of them are present in person or represented by proxy, they shall vote together in respect of the Debentures of which they are joint registered holders.

10.9 Regulations

The Trustee, or the Corporation with the approval of the Trustee, may from time to time make and from time to time vary such regulations as it shall from time to time think fit providing for or governing the following:

(a) voting by proxy by holders of Debentures, the form of the instrument appointing a proxyholder (which will be in writing) and the manner in which it may be executed, and the authority to be provided by any Person signing a proxy on behalf of the registered holder of a Debenture;

(b) the deposit of instruments appointing proxyholders at such place as the Trustee, the Corporation or the Debentureholders convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same shall be deposited; and

(c) the deposit of instruments appointing proxyholders at an approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxyholders to be provided before the meeting to the Corporation or to the Trustee at the place at which the meeting is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Except as such regulations may provide, the only Persons who shall be recognized at a meeting as the holders of any Debentures, or as entitled to vote or be present at the meeting in respect thereof, shall be registered Debentureholders and Persons whom registered Debentureholders have by instrument in writing duly appointed as their proxyholders.

10.10 Corporation and Trustee May Be Represented

The Corporation and the Trustee, by their respective officers and directors, and the legal advisers of the Corporation and the Trustee may attend any meeting of the Debentureholders, but shall have no vote as such.

10.11 Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred upon them by any other provisions of this Indenture or by law, a meeting of the Debentureholders shall have the following powers, any one or combination of which may be exercised from time to time by Extraordinary Resolution:

(a) power to agree to any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders and/or the Trustee against the Corporation or against its undertaking, property and assets or any part thereof (whether such rights arise under this Indenture or the Debentures or otherwise) which. shall have been agreed to by the Corporation;

(b) power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by this Indenture or the Debentures in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority and the power to remove the Trustee and appoint a new trustee hereunder;

(c) power to waive and direct the Trustee to waive any Event of Default or other default on the part of the Corporation in complying with any provision of this Indenture or the Debentures and to annul and to direct the Trustee to annul any declaration made by the Trustee pursuant to Section 7.3 either unconditionally or upon any condition specified in such Extraordinary Resolution;

(d) power, with the approval of the Corporation, to sanction the exchange of Debentures for or the conversion of Debentures into shares, bonds, debentures, notes or any other securities or obligations of the Corporation or any other person;

(e) power to assent to any modification of or change in or omission from the provisions contained herein or in the Debentures or in any deed or instrument supplementary hereto embodying such modification, change, or omission;

(f) power to restrain any Debentureholder from taking or instituting any action, suit or proceeding for the purpose of enforcing payment of principal, Premium (if any) or interest, if any, or for the execution of any trust or power hereunder or for the appointment of a custodian, sequestrator, liquidator, receiver, receiver and manager or a trustee in bankruptcy or to have the Corporation wound up or any other remedy thereunder;

(g) power to direct any Debentureholder who, as such, has brought any such suit, action or proceeding against the Corporation hereunder to stay or otherwise discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by Section 7.6, of the costs, charges and expenses reasonably and properly incurred by the Debentureholder in connection therewith;

(h) power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Debentureholders;

(i) power to sanction any transaction (whether by way of reconstruction, reorganization, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of the undertaking, property and assets of the Corporation would become the property of any other Person, provided that

no such sanction shall in any event be necessary in respect of any such transaction if the provisions of Article 9 are complied with;

power to assent to any judgement, compromise or arrangement by the Corporation with any creditor or creditors or classes of creditors or with the holders of any shares or securities of the Corporation;

(k) power to authorize the Trustee, in the event of the Corporation making an authorized assignment, or a custodian, sequestrator, trustee or liquidator being appointed, under applicable bankruptcy or insolvency legislation or legislation relating to winding-up, for and on behalf of the Debentureholders, and in addition to any claim or debt proved or made for its own account as Trustee hereunder, to file and prove a claim or debt against the Corporation and its properties for an amount equivalent to the aggregate amount which may be payable in respect of the Debentures, value security and vote such claim or debt at meetings of creditors and to file any proposals and generally act for and on behalf of the Debentureholders in such proceedings as such Extraordinary Resolution may provide; and

(l) power to appoint and remove a committee to consult with the Trustee and to delegate to such committee (subject to such limitations, if any, as may be prescribed in the Extraordinary Resolution) all or any of the powers which the Debentureholders could exercise by Extraordinary Resolution; the Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee; such committee shall consist of such number of persons as shall be prescribed in the Extraordinary Resolution appointing it, and the members need not themselves be Debentureholders; subject to the Extraordinary Resolution appointing it, every such committee .may elect its chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number, the manner in which it may act and its procedure generally and such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by a majority of the members thereof or the number of members thereof necessary to constitute a quorum, whichever is the greater, and all acts of any such committee within the authority delegated to it shall be binding upon all Debentureholders.

Except as otherwise provided in this Indenture, all other powers of and matters to be determined by the Debentureholders may be exercised or determined from time to time by Ordinary Resolution.

10.12 Meaning of Ordinary Resolution

The expression "Ordinary Resolution" when used in this Indenture means, except as otherwise provided in this Indenture, a resolution proposed to be passed as an ordinary resolution at a meeting of Debentureholders duly convened for the purpose and held in accordance with the provisions of this Article 10 at which a quorum of the Debentureholders is present and passed by

the affirmative votes of the holders of more than 50% of the aggregate principal amount of the Debentures who are present in person or represented by proxy at the meeting.

10.13 Meaning of Extraordinary Resolution

The expression "Extraordinary Resolution" when used in this Indenture means, except as otherwise provided in this Indenture, a resolution proposed to be passed as an extraordinary resolution at a meeting of Debentureholders duly convened for the purpose and held in accordance with the provisions of this Article at which the holders of at least 51% of the aggregate principal amount of the Debentures then outstanding are present in person or represented by proxy and passed by the affirmative votes of the holders of not less than 66 2/3% of the aggregate principal amount of the Debentures who are present in person or represented by proxy at the meeting.

If, at any such meeting, the holders of at least 51% of the aggregate principal amount of the Debentures then outstanding are not present in person or represented by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convei1ed by or on the requisition of Debentureholders, shall be dissolved, but in any other case the meeting shall stand adjourned to such date, being not less than 21 nor more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than ten days' notice shall be given of the time and place of such reconvened meeting in the manner provided in Section 11.2. Such notice shall state that at the reconvened meeting the Debentureholders present in person or represented by proxy shall fori1l a quorum, but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the reconvened meeting, the Debentureholders present in person or represented by proxy shall form a quorum and may transact the business for which the adjourned meeting was originally convened, and a resolution proposed to be passed as an Extraordinary Resolution at such meeting and passed by the requisite vote as provided in this Section 10.13 shall be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that the holders of at least 51% of the aggregate principal amount of the Debentures then outstanding are not present in person or represented by proxy at such adjourned meeting.

Votes on a resolution proposed to be passed as an Extraordinary Resolution shall always be given on a poll and no demand for a poll on any such resolution shall be necessary.

10.14 Powers Cumulative

Any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Debentureholders may be exercised from time to time, and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the rights of the Debentureholders to exercise the same or any other such power or powers or combination of powers thereafter from time to time. No powers exercisable, by the Debentureholders will derogate in any way from the rights of the Corporation under or pursuant to this Indenture or any Debentures.

10.15 Minutes

Minutes of all resolutions and proceedings at every meeting of Debentureholders shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the expense of the Corporation, and any such minutes, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Debentureholders, shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings had to have been duly passed and had.

10.16 Instruments in Writing

All actions which may be taken and all powers which may be exercised by the Debentureholders at a meeting held as provided in this Article 10 may also be taken and exercised by an instrument in writing signed in one or more counterparts by the holders of more than 50%, in the case of an Ordinary Resolution, or not less than 66 2/3%, in the case of an Extraordinary Resolution, of the aggregate principal amount of the outstanding Debentures, and the expressions "Ordinary Resolution" and "Extraordinary Resolution" when used in this Indenture shall include any instrument so signed.

10.17 Binding Effect of Resolutions

Every resolution passed in accordance with the provisions of this Article 10 at a meeting of Debentureholders shall be binding upon all the Debentureholders, whether present at or absent' from such meeting, and every instrument in writing signed by Debentureholders in accordance with Section 10.16 shall be binding upon all the Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Trustee (subject to the provisions for its indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing.

10.18 Serial Meetings

If any business to be transacted at a meeting of Debentureholders or any action to be taken or power to be exercised by instrument in writing under Section 10.16 especially affects the rights of the holders of Debentures of one or more Series in a manner or to an extent differing from that in which it affects the rights of the holders of Debentures of any other Series, then:

(a) reference to such fact, indicating the Debentures of each Series so affected, shall be made in the notice of such meeting and the meeting shall be .and is herein called a "serial meeting";

(b) the holders of Debentures of a Series so especially affected shall not be bound by any action taken or power exercised at a serial meeting unless in addition to the other provisions of this Article 10;

(i) there are present in person or represented by proxy at such meeting holders of at least 25% (or, for the propose of passing an Extraordinary

Resolution, at least 51%) of the aggregate principal amount of the Debentures of such Series then outstanding, subject to the provisions of this Article as to adjourned meetings; and

(ii) the resolution is passed by the favourable votes of the holders of more than 50% (or, in the case of an Extraordinary Resolution, not less than 66 2/3%) of the aggregate principal amount of Debentures of such Series voted on the resolution; and

(c) the holders of Debentures of a Series so especially affected shall not be bound by any action taken or power exercised by instrument in writing under Section 10.16 unless, in addition to the other provisions of this Article 10, such instrument is signed in one or more counterparts by the holders of more than 50%, in the case of an Ordinary Resolution, or not less than 66 2/3%, in the case of an Extraordinary Resolution, of the aggregate principal amount of the Debentures of such Series then outstanding;

provided, however, that, notwithstanding the foregoing, if any business to be transacted at a meeting of Debentureholders or any action to be taken or power exercised by instrument in writing under Section 10.16 affects the rights of the holders of Debentures of two or more Series in substantially the same manner or substantially to the same extent then such two or more Series shall be deemed to be and treated as one Series only for purposes of this Section 10.18.

Notwithstanding anything herein contained, any covenant or other provision contained herein which is expressed to be effective only so long as any Debentures of a particular Series remain outstanding may be modified by the required resolution or consent of the holders of the Debentures of such Series in the same manner as if the Debentures of such Series were the only Debentures outstanding hereunder. In addition, if any business to be transacted at any meeting or any action to be taken or power to be exercised by instrument in writing does not adversely affect the rights of the holders of Debentures of one or more particular Series, the provisions of this Article 10 shall apply as if the Debentures of such Series were not outstanding and no notice of any such meeting need be given to the holders of Debentures of such Series.

ARTICLE 11
NOTICES

11.1 Notice to the Corporation

Any notice to the Corporation under the provisions hereof shall be valid and effective if delivered to the Vice President, Law of the Corporation at Canadian Pacific Railway Company, Suite 500, 401 - 9th Avenue S.W., Calgary, Alberta T2P 4Z4 with a copy to the Vice-President and Treasurer of the Corporation at Canadian Pacific Railway Company, Suite 500, 401 - 9th Avenue S.W., Calgary, Alberta T2P 4Z4, or if sent by facsimile transmission (with receipt confirmed) to the attention of the Vice President, Law of the Corporation at (403) 319-6770 with a copy to the Vice-President and Treasurer of the Corporation at (403) 319-3528, and shall be deemed to have been validly given at the time of delivery or transmission if it is received prior to 4:00 p.m. on a Business Day, failing which it shall be deemed to have been given on the next

Business Day. The Corporation may from time to time notify the Trustee of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Corporation for all purposes of this Indenture.

11.2 Notice to Debentureholders

Unless otherwise expressly provided in this Indenture, any notice to be given hereunder to Debentureholders shall be valid and effective if given in the following manner:

(a) such notice is sent by ordinary mail postage prepaid addressed to such holders at their respective addresses appearing on any of the Registers, provided that if, in the case of joint holders of any Debenture, more than one address appears in the Register in respect of such joint holding, such notice shall be sent only to the first address so appearing; and

(b) if for any reason it is impracticable to give any notice by mail, such notice is published once in each of Calgary, Alberta; Toronto, Ontario; and such other cities, if any, at which Registers in respect of such Debentures are required to be kept, each publication to be made in a newspaper of general circulation published in or in general circulation in the designated cities and all such publications to be made within a period of seven days, provided that, in the case of the redemption of Debentures, such notice shall be published twice in each of the said cities in successive weeks.

Any notice so given by mail shall be deemed to have been given on the day on which it is mailed. Any notice so given by publication shall be deemed to have been given on the day on which the first publication is completed in all of the cities in which publication is required. In determining under any provisions hereof the date by which notice of any meeting, redemption or other event must be given, the date of giving the notice shall be included and the date of the meeting, redemption or other event shall be excluded. Accidental error or omission in giving notice or accidental failure to mail notice to any Debentureholder shall not invalidate any action or proceeding founded thereon.

11.3 Notice to the Trustee

Any notice to the Trustee under the provisions hereof shall be valid and effective if delivered to an officer of the Trustee at Computershare Trust Company of Canada, Suite 600, 530 - 8th Avenue S.W., Calgary, Alberta, T2P 3S8, Attention: Manager, Corporate Trust or if sent by facsimile transmission (with receipt confirmed) at (403) 267-6598, and shall be deemed to have been validly given at the time of delivery or transmission if it is received prior to 4:00 p.m. on a Business Day, failing which it shall be deemed to have been given on the next Business Day. The Trustee may from time to time notify the Corporation of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Trustee for all purposes of this Indenture.

11.4 When Publication Not Required

If at any time any notice is required by this Indenture to be published in a particular city and no newspaper of general circulation is then being published and circulated on a daily basis in that city, the Corporation shall not be required to publish in that city.

11.5 Waiver of Notice

Any notice provided for in this Indenture may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Debentureholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waivers.

ARTICLE 12
CONCERNING THE TRUSTEE

12.1 Certain Duties and Responsibilities of Trustee

In the exercise of the rights, powers and duties prescribed or conferred by the terms of this Indenture, the Trustee shall act honestly and in good faith and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances, and shall duly observe and comply with the provisions of any legislation and regulations which relate to the functions or role of the Trustee as a fiduciary hereunder.

The Trustee shall read, and act upon (as required), all of the certificates, opinions and other documents delivered to it under or pursuant to this Indenture.

None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless the Trustee is indemnified as required in this Indenture.

The Trustee, upon the occurrence or at any time during the continuance of any act, action or proceeding, may require the Debentureholders at whose instance it is acting to deposit with it Debentures held by them, for which Debentures the Trustee will issue receipts.

Every provision of this Indenture that by its terms relieves the Trustee of liability or entitles the Trustee to rely upon any evidence submitted to it is subject to the provisions of applicable legislation, this Section 12.1 and Section 12.2.

No provision of this Indenture shall operate to confer any obligation, duty or power on the Trustee in any jurisdiction in which it does not have the legal capacity required to assume, hold or carry out such obligation, duty or power. For the purposes of this Section 12.1, legal capacity includes, without limitation, the capacity to act as a fiduciary in such jurisdiction.

12.2 No Conflict of Interest

The Trustee represents to the Corporation that at the date of the execution and delivery of this Indenture there exists no material conflict of interest in the Trustee's role as a fiduciary hereunder. If at any time a material conflict of interest exists in respect of the Trustee's role as a fiduciary under this Indenture that is not eliminated within 90 days after the Trustee becomes aware that such a material conflict of interest exists, the Trustee shall resign from the trusts under this Indenture by giving notice in writing of such resignation and the nature of the conflict to the Corporation at least 21 days prior to the date upon which such resignation is to take effect, and will on such date be discharged from all further duties and liabilities hereunder. The validity and enforceability of this Indenture and any Debentures will not be affected in any manner whatsoever by reason only of the existence of a material conflict of interest of the Trustee. If the Trustee contravenes the foregoing provisions of this Section 12.2, any interested party may apply to the Court of Queen's Bench of Alberta for an order that the Trustee be replaced as trustee under this Indenture.

12.3 Conditions Precedent to Trustee's Obligation to Act

The Trustee shall not be bound to give any notice or take any action or proceeding unless it is required to do so under the terms of this Indenture. The Trustee shall not be required to take notice of any Event of Default under this Indenture, other than in respect of payment of any money required by any provision of this Indenture to be paid to it, unless and until the Trustee is notified in writing of such Event of Default by any Debentureholder or the Corporation or unless an officer of the Trustee has specific knowledge of an Event of Default. In the absence of such notice or knowledge, the Trustee may for all purposes of this Indenture assume that no Event of Default has occurred.

The obligation of the Trustee to commence or continue any act, action or proceeding under this Indenture will be conditional upon receipt by the Trustee of the following:

(a) an Extraordinary Resolution, Ordinary Resolution, Debentureholders Request, or such other notice or direction as is required pursuant to this Indenture, specifying the action or proceeding which the Trustee is requested, directed or authorized to take;

(b) sufficient funds to commence or continue such act, action or proceeding; and

(c) an indemnity satisfactory to the Trustee to protect and hold harmless the Trustee against the costs, charges, expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof.

12.4 Replacement of Trustee

The Trustee may resign its trusts and be discharged from all further duties and liabilities hereunder by giving to the Corporation three months' notice in writing or such shorter notice as the Corporation may accept as sufficient. If at any time a material conflict of interest exists in the Trustee's role as a fiduciary hereunder, the Trustee shall, within 90 days after ascertaining that such a material conflict of interest exists, either eliminate such material conflict of interest or

resign in the manner and with the effect specified in Section 12.2. The Debentureholders by Extraordinary Resolution shall have power at any time to remove the Trustee and to appoint a new trustee. In the event of the Trustee resigning or being removed or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new trustee unless a new trustee has already been appointed by the Debentureholders. Failing such appointment by the Corporation, the retiring trustee or any Debentureholder may apply to a judge of the Court of Queen's Bench of Alberta, on such notice as such judge may direct, for the appointment of a new trustee, but any new trustee so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Debentureholders. Any new trustee appointed under any provision of this Section 12.4 shall be a corporation authorized to carry on the business of a trust company in all of the provinces of Canada. On any new appointment, the new trustee shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Trustee.

Subject to Sections 12.11 and 12.18 hereof, any corporation into which the Trustee may be merged or with which it may be consolidated or amalgamated or any corporation resulting from any merger, consolidation or amalgamation to which the Trustee shall be a party shall be the successor trustee under this Indenture without the execution of any instrument or any further act.

Subject to the foregoing, no resignation, removal or appointment of a successor trustee hereunder shall be effective unless such successor trustee:

(a) is eligible to act as a trustee;

(b) certifies that it will not have any material conflict of interest upon becoming the trustee hereunder; and

(c) executes, acknowledges and delivers to the Corporation and to the retiring trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring trustee.

Upon the written request of the successor trustee or of the Corporation and upon payment of all outstanding fees and expenses properly payable to the Trustee under this Indenture, the Trustee ceasing to act will execute and deliver all such assignments, conveyances or other instruments (if any) as, in the opinion of Counsel, may be necessary to assign and transfer to such successor trustee the rights and obligations of the Trustee under this Indenture, and will duly assign, transfer and deliver all property and money held by the Trustee to the successor trustee so appointed in its place. If any deed, conveyance or instrument in writing from the Corporation is required by any new trustee for more fully and certainly vesting in and confirming to it such estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in writing will on the request of the new or successor trustee, acting reasonably, be made, executed, acknowledged and delivered by the Corporation, as the case may require. The cost of any act, document or other instrument or thing required or permitted under this Section 12.4 shall be at the expense of the Corporation.

12.5 Trustee May Deal in Debentures

The Trustee may buy, sell, lend upon and deal in the Debentures and generally contract and enter into financial transactions with the Corporation or otherwise, without being liable to account for any profits made thereby.

12.6 No Person Dealing with Trustee Need Inquire

No Person dealing with the Trustee shall be concerned to inquire whether the powers that the Trustee is purporting to exercise have become exercisable, or whether any amount remains due upon the Debentures or to see to the application of any amount paid to the Trustee.

12.7 Investment of Money Held by Trustee

Unless otherwise provided in this Indenture, any money held by the Trustee which under the trusts of this Indenture may or ought to be invested or which may be on deposit with the Trustee or which may be in the possession of the Trustee may be invested and reinvested in the name or under the control of the Trustee in Securities in which, under the laws of the Province of Alberta, trustees are authorized to invest trust money, provided that such Securities are expressed to mature within 90 days (or, in respect of money held pursuant to Section 8.5, on or prior to the Stated Maturity of any Debentures subject to defeasance thereunder) after their purchase by the Trustee, and unless and until the Trustee shall have declared the principal of and Premium, if any, and interest, if any, on the Debentures to be due and payable, the Trustee shall so invest such money at the direction of the Corporation.

Pending the investment of any money as herein provided, such money shall be segregated from other funds held by the Trustee and shall be deposited in the name of the Trustee in any chartered bank of Canada or, with the consent of the Corporation, in the deposit department of the Trustee or any other loan or trust company authorized to accept deposits under the laws of Canada or any province thereof at the rate of interest then current on similar deposits; provided any such trust or loan company has a credit rating of at least A from S&P or Moody's and a combined capital and surplus of at least $50,000,000.

All interest or other income received by the Trustee in respect of any investment or deposit made pursuant to the provisions of this Section 12.7 shall belong to the Corporation, and unless and until the Trustee shall have declared the principal of and Premium, if any, and interest, if any, on the Debentures to be due and payable, the Trustee shall pay over to the Corporation all such interest and other income forthwith upon receipt thereof by the Trustee.

12.8 Trustee Not Required to Give Security

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of this Indenture.

12.9 Trustee Not Required to Possess Debentures

All rights of action under this Indenture may be enforced by the Trustee without the possession of any of the Debentures or the production thereof on any trial or other proceedings relative thereto.

12.10 Certain Rights of Trustee

Subject to the provisions of Section 12.1:

(a) the Trustee may conclusively act and rely as to the truth of, and shall not be bound to make any investigation into the facts or matters of, the statements and correctness of the opinions expressed in, and shall be fully protected in acting or relying or refraining from acting upon, any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Corporation shall be sufficiently evidenced by a Request of the Corporation or Order of the Corporation and any resolution of the Directors shall be sufficiently evidenced by a Certified Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part, rely and act upon a Certificate of the Corporation;

(d) the Trustee at the expense of the Corporation may consult with Counsel and the advice of Counsel or any opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon; and

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Debentureholders pursuant to this Indenture unless such Debentureholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction, and provisions of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 12.l0(e).

12.11 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Trustee may be merged or with which it may be amalgamated or consolidated, or any corporation resulting from any merger, amalgamation or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or

substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article 12, without the execution or filing of any instrument or any further act on the part of any of the parties hereto.

12.12 Action by Trustee to Protect Interests

The Trustee shall have power to institute and maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Debentureholders.

12.13 Protection of Trustee

The Corporation hereby indemnifies and saves harmless the Trustee and its directors, officers and employees from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages, taxes (other than income or capital taxes), penalties and liabilities whatsoever brought against or incurred by the Trustee which it may suffer or incur as a result of or arising in connection with the performance of its duties and obligations under this Indenture, including any and all legal fees and disbursements of whatever kind or nature, except only in the event of the gross negligence, wilful misconduct, breach of fiduciary duty or bad faith of the Trustee. This indemnity will survive the removal or resignation of the Trustee under this Indenture and the termination of this Indenture.

The Trustee will not be liable for or by reason of any statements of fact in this Indenture or in the Debentures (except for the representations contained in Sections 12.2 and 12.14 and in the certificate of the Trustee on the Debentures) or required to verify such statements and all such statements are and will be deemed to be made by the Corporation.

The Trustee will not be bound to give notice to any Person of the execution of this Indenture.

The Trustee will not incur any liability or responsibility whatever or in any way be responsible for the consequence of any breach on the part of the Corporation of any of the covenants contained in this Indenture or in any Debentures or of any acts of the agents or employees of the Corporation.

Neither the Trustee nor any Affiliate of the Trustee will be appointed a receiver or receiver and manager or liquidator of all or any part of the assets or undertaking of the Corporation.

Nothing in this Indenture will impose on the Trustee any obligation to see to, or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental to this Indenture in any jurisdiction.

12.14 Authority to Carry on Business

The Trustee represents to the Corporation that at the date of execution and delivery by it of this Indenture it is authorized to carry on the business of a trust company in each of the

provinces of Canada. If the Trustee ceases to be authorized to carry on such business in any province of Canada, the validity and enforceability of this Indenture and the Debentures issued under this Indenture will not be affected in any manner whatsoever by reason only of such event, but within 90 days after ceasing to be authorized to carry on the business of a trust company in any province of Canada the Trustee either shall become so authorized or shall resign in the manner and with the effect specified in Section 12.4.

12.15 Trustee Not Liable in Respect of Depositary

The Trustee shall have no liability whatsoever for:

(a) any aspect of the records relating to or payments made on account of beneficial ownership interests in the Debentures held by and registered in the name of a Depositary;

(b) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or

(c) any advice or representation made or given by or with respect to a Depositary and made or given herein with respect to rules of such Depositary or any action to be taken by a Depositary or at the direction of a participant of a Depositary.

12.16 Trustee Appointed Attorney

The Corporation hereby irrevocably appoints the Trustee to be the attorney of the Corporation in the name and on behalf of the Corporation to execute any documents and to do any acts and things which the Corporation ought to execute and do, and has not executed or done, under the covenants and provisions contained in this Indenture and generally to use the name of the Corporation in the exercise of all or any of the powers hereby conferred on the Trustee, with fu11 powers of substitution and revocation.

12.17 Acceptance of Trusts

The Trustee hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions set fo1ih in this Indenture and in trust for the Debentureholders from time to time, subject to the terms and conditions of this Indenture.

12.18 Corporate Trustee Required; Eligibility; Conflicting Interests

Any Trustee hereunder shall have a combined capital and surplus of at least $50,000,000. If such trust company, corporation or national banking association publishes reports of condition at least annually, pursuant to law or to the requirements of federal, provincial, state or territorial supervising or examining authority, then, for the purposes of this Section, the combined capital and surplus of such corporation or national banking association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If, at any time, the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

12.19 Third Party Interests

Each party to this Indenture hereby represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Indenture, for or to the credit of such party, is not intended to be used by or on behalf of any third party.

12.20 Anti-Money Laundering Legislation

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Trustee, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on I 0 days written notice to the Corporation, provided that (i) the Trustee's written notice shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Trustee's satisfaction within such I 0-day period, then such resignation shall not be effective.

12.21 Privacy Law

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "Privacy Laws") applies to obligations and activities under this Indenture. Despite any other provision of this Indenture, neither party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Trustee agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and not to use it for any other purpose except with the consent of or direction from the Corporation or the individual involved; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

ARTICLE 13
SUPPLEMENTAL INDENTURES

13.1 Supplemental Indentures

From time to time the Trustee and, when authorized by a resolution of its Directors, the Corporation may, and they shall when required by this Indenture, execute, acknowledge and

deliver by their proper officers Supplemental Indentures, which thereafter shall form part of this Indenture, for any one or more of the following purposes:

(a) adding limitations or restrictions to be observed upon the amount or issue of Debentures hereunder, provided that such limitations or restrictions shall not be prejudicial to the interests of the Debentureholders;

(b) adding to the covenants of the Corporation herein contained for the protection of the Debentureholders or providing for alternative or additional Events of Default to those herein specified;

(c) making such provision not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder, including the making of any modifications in the form of the Debentures which do not affect the substance thereof and which it may be expedient to make, provided that such provisions and modifications will not be prejudicial to the interests of the Debentureholders;

(d) providing for the issue, as permitted hereby, of Debentures of any one or more Series;

(e) evidencing the succession, or successive successions, of successors to the Corporation and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Indenture;

(f) giving effect to any Extraordinary Resolution or Ordinary Resolution; and

(g) for any other purpose not inconsistent with the terms of this Indenture.

The Trustee may also, without the consent or concurrence of the Debentureholders, by Supplemental Indenture or otherwise, concur with the Corporation in making any changes or corrections in this Indenture which it shall have been advised by Counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or clerical omission or mistake or manifest error contained herein or in any Supplemental Indenture, provided that the rights of the Debentureholders are in no way prejudiced thereby.

13.2 Effect of Supplemental Indentures

Upon the execution of any Supplemental Indenture, this Indenture shall be modified in accordance therewith, such Supplemental Indenture shall form a part of this Indenture for all purposes, and every holder of Debentures shall be bound thereby. Any Supplemental Indenture may contain terms which add to, modify or negate any of the terms contained in this Indenture, and to the extent that there is any difference between the terms of this Indenture and the terms contained in a Supplemental Indenture, the terms contained in the Supplemental Indenture shall be applicable to the Debentures to which such Supplemental Indenture relates and the corresponding terms contained in this Indenture shall not be applicable unless otherwise indicated in such Supplemental Indenture.

ARTICLE 14
EVIDENCE OF RIGHTS OF DEBENTUREHOLDERS

14.1 Evidence of Rights of Debentureholders

Any instrument which this Indenture may require or permit to be signed or executed by the Debentureholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Debentureholders in person or by attorney duly appointed in writing. Proof of the execution of any such instrument, or of a writing appointing any such attorney or (subject to the provisions of Section 10.9 with regard to voting at meetings of Debentureholders) of the holding by any Person of Debentures shall be sufficient for any purpose of this Indenture if the fact and date of the execution by any Person of such instrument or writing are proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded at the place at which such certificate is made, that the Person signing such request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, or in any other manner which the Trustee may consider adequate.

The Trustee may, nevertheless, in its discretion, require further proof when it deems further proof desirable or may accept such other proof as it shall consider proper.

The ownership of Debentures shall be proved by the Registers as herein provided.

ARTICLE 15
EXECUTION AND FORMAL DATE

15.1 Counterpart Execution

This Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.

15.2 Formal Date

For the purpose of convenience, this Indenture may be referred to as bearing formal date of May 23, 2008, irrespective of the actual date of execution hereof.

CANADIAN PACIFIC RAILWAY COMPANY

By: /s/ F.J. Green

Name:
Title:

By: /s/ M. Lambert

Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA

By:

Name:
Title:

By:

Name:
Title:

IN WITNESS WHEREOF the parties hereto have executed this Indenture under their respective corporate seals and the hands of their proper officers in that behalf.

CANADIAN PACIFIC RAILWAY COMPANY

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA

By: /s/ Karen Biscope
Name: Karen Biscope
Title: Manager, Corporate Trust

By: /s/ Laura Leong
Name: Laura Leong
Title: Professional, Corporate Trust

SCHEDULE A

The following is the English language text of the form of the Debentures, the form of the certificate of the Trustee and the form of the registration panel.

(FORM OF DEBENTURES)

No. $

CANADIAN PACIFIC RAILWAY COMPANY
(Incorporated under the laws of Canada)

DEBENTURE

Issue Date

Maturity Date

Interest Rate Per Annum

Interest Payment Dates

Initial Interest Payment Date

Principal Amount

Canadian Pacific Railway Company (the "Corporation") for value received hereby promises to pay to the registered holder hereof on the Maturity Date, or on such earlier date as the Principal Amount may become due in accordance with the provisions of the Trust Indenture (as defined below), on presentation and surrender of this Debenture at any of the places specified in the Trust Indenture, the Principal Amount in lawful money of Canada and to pay interest on the Principal Amount at the Interest Rate Per Annum from the later of the Issue Date and the last Interest Payment Date on which interest has been paid or made available for payment on this Debenture in like money half-yearly in arrears on the Interest Payment Dates in each year, the first such payment to be payable on the Initial Interest Payment Date, and if the Corporation at any time defaults in the payment of any principal or interest, to pay interest on the amount in default at the same rate, in like money and half-yearly in arrears on the same dates. Prior to each Interest Payment Date, the Corporation (except in case of payment at maturity or on redemption at which time payment of interest will be made only upon surrender of this Debenture) shall mail to the registered address of the registered holder of this Debenture in the register, or in the case of joint holders to the registered address of the joint holder first named in the register, in each case, as at the close of business on the fifth Business Day prior to the applicable Interest Payment Date, a cheque for the interest, less any tax required by law to be deducted or withheld, payable to the order of such holder or holders and negotiable at par at any of the branches at which interest on this Debenture is payable. The mailing of such cheque shall satisfy and discharge the liability for interest upon this Debenture to the extent of the sum represented thereby (plus the amount of any tax deducted or withheld) unless such cheque is not paid on presentation.

This Debenture is one of a series of the Debentures of the Corporation issued and to be issued under a trust indenture (the "Trust Indenture") dated as of May 23, 2008, made between the Corporation and Computershare Trust Company of Canada (the "Trustee"), as trustee. The Trust Indenture specifies the terms and conditions upon which the Debentures are issued or may be issued and held and the rights of the holders of the Debentures, the Corporation and the Trustee, all of which are incorporated by reference in this Debenture and to all of which the holder of this Debenture, by acceptance hereof, agrees.

The Debentures may be issued in one or more series and without limitation as to aggregate principal amount, but only upon the terms and subject to the restrictions set out in the Trust Indenture.

At any time when the Corporation is not in default under the Trust Indenture, the Corporation shall be entitled to purchase Debentures in the open market or by tender or by private contract at any price. Debentures purchased by the Corporation will be cancelled and may not be reissued.

In case an Event of Default, as defined in the Trust Indenture; has occurred with respect to the Debentures, the principal and interest on the Debentures then outstanding may be declared due and payable upon the conditions and in the manner and with the effect provided in the Trust Indenture.

The Trust Indenture contains provisions for the holding of meetings of Debentureholders and rendering resolutions passed at such meetings, and instruments in writing signed by the holders of a specified majority of the Debentures or one or more series of Debentures outstanding binding on all Debentureholders or holders of a series of Debentures, subject to the provisions of the Trust Indenture.

This Debenture has not been and will not be registered under the *U.S. Securities Act of 1933* and may not be offered or sold to a U.S. person or persor1 within the United States except pursuant to registration under the *U.S. Securities Act of 1933* or an exemption therefrom.

This Debenture may be transferred only upon compliance with the conditions prescribed in the Trust Indenture on one of the registers kept at the principal offices of the Trustee in the city of Calgary and at such other place or places, if any, and by such other registrar or registrars, if any, as the Corporation may designate, by the registered holder hereof or the holder's legal representative or attorney duly appointed by an instrument in writing in form and execution satisfactory to the Trustee, and upon compliance with such reasonable requirements as the Trustee or other registrar may prescribe, and such transfer shall be duly noted hereon by the Trustee or other registrar.

The Debentures will become void unless presented for payment within a period of six years from the (i) Maturity Date or final Redemption Date or (ii) if the full amount of the money payable on such date has not been received by the Trustee on or prior to such due date, the date on which the full amount of such money having been so received, notice to that effect has been given to the Debentureholders in accordance with the Trust Indenture.

The Trust Indenture and this Debenture are governed by and shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

This Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Trust Indenture.

IN WITNESS WHEREOF Canadian Pacific Railway Company has caused this Debenture to be signed by two of its authorized officers.

CANADIAN PACIFIC RAILWAY COMPANY

_____
Authorized Officer

_____
Authorized Officer

(FORM OF TRUSTEE'S CERTIFICATE)

TRUSTEE'S CERTIFICATE

This Debentu re is one of the Debentures referred to in the Trust Indenture referred to above.

COMPUTERSHA RE TR UST COMP ANY OF CANADA

Trustee

By: _____

Certifying Officer

(FORM OF REGISTRATION PANEL)

(NO WRITING HEREON EXCEPT BY THE TRUSTEE OR OTHER REGISTRA R)

DATE OF REG ISTRY	IN WHOSE NAME REGISTERED	SIGN ATU RE OF TR USTEE OR OTHER REG ISTRA R

TRANSFER FORM

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

_____

the within Debenture registered m the name of the undersigned and hereby irrevocably constitutes and appoints _____

_____

the attorney of the undersigned to transfer the said Debenture on the register of transfers of the Debentures with full power of substitution hereunder.

The signature below must be guaranteed by a Canadian chartered bank or a major Canadian trust company or by a medallion signature guarantee from a member of a recognized signature medallion guarantee program.

Dated: _____

_____	_____
Name of Transferor	Authorized Signature
_____	_____
Name of Guarantor	Authorized Signature

Address of Transferee:
(Street Address, City, Province and Postal Code)

Facsimile Number of Transferee: _____

Exhibit 4.19

Dated as of November 24, 2015

CANADIAN PACIFIC RAILWAY LIMITED
as Guarantor

and

CANADIAN PACIFIC RAILWAY COMPANY
as Issuer

and

COMPUTERSHARE TRUST COMPANY OF CANADA
as Trustee

FIRST SUPPLEMENTAL INDENTURE

to the

TRUST INDENTURE

Dated as of May 23, 2008

THIS FIRST SUPPLEMENTAL INDENTURE (this "**First Supplemental Indenture**") dated as of November 24, 2015 between **CANADIAN PACIFIC RAILWAY LIMITED**, a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the "**Guarantor**"), **CANADIAN PACIFIC RAILWAY COMPANY**, a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the "**Corporation**") and **COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company incorporated under the laws of Canada and having an office in Calgary, Alberta (the "**Trustee**").

RECITALS OF THE CORPORATION AND THE GUARANTOR

WHEREAS, pursuant to the Indenture the following Series of Debentures were issued: (i) the 6.25% Medium Term Notes due 2018, initially limited to the aggregate principal amount of $375,000,000, (ii) the 5.10% Medium Term Notes due 2022, initially limited to the aggregate principal amount of$125,000,000, and (iii) the 6.45% Medium Term Notes due 2039, initially limited to the aggregate principal amount of $400,000,000 (collectively, the "**Outstanding Debentures**").

WHEREAS, the foregoing Series of Outstanding Debentures constitute all of the issued and outstanding Series of Debentures issued pursuant to the Indenture as of the date hereof.

WHEREAS, the Corporation may hereafter continue to create and issue Debentures in one or more Series under the Indenture upon the terms and subject to the conditions therein provided. Pursuant to Section 4.1(b) of the Indenture, the Corporation is to provide an Order of the Corporation for the certification and delivery of Debentures issuable under the Indenture together with a Terms Schedule specifying the terms of such Debenture to be issued, or, at the option of the Corporation, provide a Supplemental Indenture in form and terms approved by Counsel providing for the issue of such Debentures.

WHEREAS, the Corporation desires to have the option, in connection with the creation and issuance of any further Series of Debentures, to specify that any such Series of Debentures is to be guaranteed by the Guarantor upon creation and issuance of such Series of Debentures;

WHEREAS, the Guarantor desires to fully and unconditionally guarantee the Outstanding Debentures and any additional Debentures designated in accordance with this First Supplemental Indenture to be guaranteed upon and subject to the terms and conditions set out in Section 2.2 of this First Supplemental Indenture (the "**Guarantee**"), and to provide therefor, the Guarantor has duly authorized the execution and delivery of this First Supplemental Indenture.

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH: it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Outstanding Debentures and any additional Debentures to be guaranteed, as follows:

1. INTERPRETATIONS AND AMENDMENTS

1.1 First Supplemental Indenture

As used herein "**First Supplemental Indenture**", "**hereto**", "**herein**", "**hereof**", "**hereby**", "**hereunder**" and similar expressions refer to this First Supplemental Indenture and not to any particular Article, Section or other portion hereof and include any and every instrument supplemental or ancillary hereto or in implementation hereof.

1.2 Definitions in First Supplemental Indenture

All terms contained in this First Supplemental Indenture which are defined in the Indenture and not defined herein shall, for all purposes hereof, have the meanings given to such terms in the Indenture, unless the context otherwise specifies or requires; provided, however, that notwithstanding the foregoing, the terms "Corporation" and "Trustee" shall have the respective meanings given to them in the Indenture.

1.3 Interpretation not Affected by Headings

The division of this First Supplemental Indenture into Articles and Sections, the provision of the table of contents hereto and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this First Supplemental Indenture.

2. GUARANTEE

2.1 Issuance of Additional Guaranteed Debentures

In addition to the terms to be specified in the Terms Schedule to be provided under Section 4.l(b) of the Indenture in connection with the creation and issuance of any Series of Debentures, the Corporation may specify in such Terms Schedule that any Series of Debentures is to be guaranteed by the Guarantor on the terms and conditions of the Guarantee (each such Series of Debentures so guaranteed referred to as "**Additional Guaranteed Debentures**" and, together with the Outstanding Debentures, the "**Guaranteed Debentures**").

2.2 Agreement to Guarantee

The Guarantor hereby fully and unconditionally guarantees to each holder of Guaranteed Debentures, the due and punctual payment of the principal of, premium, if any, and interest on the Guaranteed Debentures, and the due and punctual payment of any sinking fund or analogous payments that may be payable with respect to such Guaranteed Debentures, when and as the same shall become due and payable, whether on the Stated Maturity, by declaration of acceleration, call for redemption or otherwise, according to the terms hereof and of the

Indenture. In case of the failure of the Corporation punctually to make any such payment of principal, premium, if any, or interest, or any such sinking fund or analogous payment that may be payable with respect to the Guaranteed Debentures, the Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether on the Stated Maturity or by declaration of acceleration, call for redemption or otherwise, and as if such payment were made by the Corporation.

The Guarantor hereby agrees that its obligations hereunder shall be as if it were principal debtor and not merely surety, and shall be absolute and unconditional, irrespective of, and shall be unaffected by, any invalidity, irregularity or unenforceability of the Guaranteed Debentures, the Indenture or this First Supplemental Indenture, any failure to enforce the provisions of the Guaranteed Debentures, the Indenture or this First Supplemental Indenture, or any waiver, modification or indulgence granted to the Corporation with respect thereto or hereto, by the holder of the Guaranteed Debentures or the Trustee or any other circumstance which may otherwise constitute a legal or equitable discharge of a surety or guarantor; provided, however, that, notwithstanding the foregoing, no such waiver, modification or indulgence shall, without the consent of the Guarantor, increase the principal amount of any Series of Guaranteed Debentures (excluding for certainty the issuance of any additional Guaranteed Debentures as part of such previously issued Series of Guaranteed Debentures), or increase the interest rate thereon, or increase any premium payable upon redemption thereof, or alter the Stated Maturity thereof. Without limiting the Guarantor's own defenses and right hereunder, the Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses that the Corporation may have to payment of all or any portion of obligations hereunder, except for defenses expressly waived herein. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Corporation, any right to require a proceeding first against the Corporation, protest or notice with respect to the Guaranteed Debentures or the indebtedness evidenced thereby, or with respect to any sinking fund or analogous payment that may be payable with respect to the Guaranteed Debentures and all demands whatsoever, and covenants that its obligations under this Section 2.2 will not be discharged except by payment in full of the principal of, premium, if any, and interest on with respect to the Guaranteed Debentures.

The Guarantor shall be subrogated to all rights of each bolder of the Guaranteed Debentures, the Trustee and any Paying Agent against the Corporation in respect of any amounts paid to such holder by the Guarantor pursuant to the provisions of this Section 2.2; provided, however, that the Guarantor shall not be entitled to enforce or to receive any payments arising out of or based upon such right of subrogation until the principal of, premium, if any, and interest on all Guaranteed Debentures of the same Series issued under the Indenture, and any sinking fund or analogous payments with respect to the Guaranteed Debentures of such Series shall have been paid in full.

Any term or provision of the Indenture and this First Supplemental Indenture to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Debentures guaranteed hereunder by the Guarantor shall not exceed the maximum amount that can be hereby guaranteed by the Guarantor without rendering the Guarantee, as it relates to the Guarantor, voidable under applicable law relating to fraudulent conveyance, fraudulent transfer, corporate benefit, financial assistance or similar laws affecting the rights of creditors generally.

By executing this First Supplemental Indenture, the Guarantor acknowledges and agrees that the obligations to compensate, reimburse, and indemnify the Trustee under the Indenture, including, without limitation, Sections 6.4 and 12.13 of the Indenture, shall apply to the Guarantor and that the Guarantor and the Corporation, jointly and severally, are obligated to compensate, reimburse, and indemnify the Trustee in accordance with the terms of the Indenture, including, without limitation, Sections 6.4 and 12.13 of the Indenture.

2.3 Execution and Delivery

To evidence its Guarantee set forth in Section 2.2 hereof, the Guarantor hereby agrees that this First Supplemental Indenture shall be executed on behalf of the Guarantor by one or more authorized officers or persons holding an equivalent title.

The Guarantor hereby agrees that its Guarantee set forth in Section 2.2 hereof shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Guaranteed Debentures.

2.4 Release of Guarantee

The Guarantor will be released and relieved of its obligations under the Guarantee in respect of any Series of the Guaranteed Debentures, and such Guarantee in respect of such Series of the Guaranteed Debentures will be terminated, upon receipt by the Trustee of a written order or request of the Guarantor, signed by any two of its officers and delivered to the Trustee (without the consent of the Trustee), requesting such release, upon (i) satisfaction and discharge of the Indenture or (ii) defeasance with respect to any Series of the Guaranteed Debentures, in each case, under the terms of the Indenture. At the request of the Corporation, the Trustee shall execute and deliver an appropriate instrument evidencing such release.

3. GENERAL

3.1 Effectiveness

This First Supplemental Indenture will become effective upon its execution and delivery.

3.2 Effect of Recitals

The recitals contained herein shall be taken as the statements of the Corporation and the Guarantor, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture except that the Trustee represents that it is duly authorized to execute and deliver this First Supplemental Indenture and to perform its obligations under the Indenture and hereunder.

3.3 Ratification of Indenture

The Indenture as supplemented by this First Supplemental Indenture is in all respects ratified and confirmed, and this First Supplemental Indenture shall be deemed part of the Indenture in the m8IUler and to the extent therein provided.

3.4 Notice

Any notice to the Guarantor under the provisions of the Indenture or this First Supplemental Indenture shall be valid and effective if delivered as provided in the Indenture with respect to the Corporation. The address and telecopier number of the Guarantor and the contact person at the Guarantor shall be the same as that set forth in the Indenture in respect of the Corporation.

3.5 Governing Law

This First Supplemental Indenture (including the Guarantee provided herein) shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated in all respects as Alberta contracts.

3.6 Severability

In case any provision in this First Supplemental Indenture (including the Guarantee provided herein) shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

3.7 Acceptance of Trust

The Trustee hereby accepts the trusts in this First Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein before set forth in trust for the various Persons who shall from time to time be Debenture holders subject to all the terms and conditions herein set forth.

3.8 Counterparts and Formal Date

This First Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original and such counterparts shall together constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date first above written. Delivery of an executed signature page to this First Supplemental Indenture by any party hereto by facsimile transmission or PDF shall be as effective as delivery of a manually executed copy of this First Supplemental Indenture by such party.

IN WITNESS WHEREOF the parties hereto have executed this First Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY LIMITED,
As Guarantor

By: /s/ Mark Erceg
Name: Mark Erceg
Title Executive Vice President and Chief Financial Officer

By: /s/ Darren J. Yaworsky
Name: Darren J. Yaworsky
Title Vice-President and Treasurer

CANADIAN PACIFIC RAILWAY COMPANY,
As Issuer

By: /s/ Mark Erceg
Name: Mark Erceg
Title Executive Vice President and Chief Financial Officer

By: /s/ Darren J. Yaworsky
Name: Darren J. Yaworsky
Title Vice-President and Treasurer

COMPUTERSHARE TRUST COMPANY OFCANADA

By: /s/ Karen Biscope
Name: Karen Biscope
Title: Manager, Corporate Trust

By: /s/ Laura Leong
Name: Laura Leong
Title: Corporate Trust Officer

TABLE OF CONTENTS

Exhibit 4.20

CANADIAN PACIFIC RAILWAY COMPANY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

as Trustee

INDENTURE

made as of September 11, 2015

Providing for the issue of
Debt Securities
in unlimited principal amount

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

ARTICLE II

SECURITY FORMS

ARTICLE III

THE SECURITIES

Page

Page

ARTICLE VII

CONSOLIDATION, MERGER, AMALGAMATION, SALE OR TRANSFER

ARTICLE VIII

SUPPLEMENTAL INDENTURES

ARTICLE IX

COVENANTS OF THE CORPORATION

TABLE OF CONTENTS
(cont'd)

Page

ARTICLE X

REDEMPTION OF SECURITIES

ARTICLE XI

SINKING FUNDS

ARTICLE XII

DEFEASANCE AND COVENANT DEFEASANCE

ARTICLE XIII

MEETINGS OF HOLDERS

TABLE OF CONTENTS
(cont'd)

Page

ARTICLE XIV

REPAYMENT AT OPTION OF HOLDERS

ARTICLE XV

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

CANADIAN PACIFIC RAILWAY COMPANY

Reconciliation and tie between Trust Indenture Act of 1939, as amended and Indenture, dated as of September 11, 2015

Trust Indenture Act	Indenture Section
§310(a)(1)	6.09
(a)(2)	6.09
(b)	6.08, 6.10
(c)	Not Applicable
§311(a)	Not Applicable
(b)	Not Applicable
(c)	Not Applicable
§312(a)	Not Applicable
(b)(1)	Not Applicable
(c)	15.01
§313(a)	15.02
(b)	15.02
(c)	15.02
(d)	15.02
§314(a)	15.03, 9.02
(a)(4)	9.02
(b)	Not Applicable
(c)(1)	1.02
(c)(2)	1.02
(d)	Not Applicable
(e)	1.02
(f)	Not Applicable
§315(a)	6.01(a)
(b)	6.14
(c)	6.01(b)
(d)	6.01(c)
(d)(1)	6.01(a), 6.01(c)
(d)(2)	6.01(c)
(d)(3)	6.01(c)
(e)	5.15
§316(a)(1)(A)	5.13
(a)(1)(B)	5.03, 5.14
(a)(2)	Not Applicable
(b)	5.09
(c)	1.04(e)
§317(a)(1)	5.04
(a)(2)	5.05
(b)	9.05
§318(a)	1.12

INDENTURE is made as of September 11, 2015 between Canadian Pacific Railway Company, a corporation governed by the laws of Canada, and having its registered office at the City of Calgary in the Province of Alberta, Canada (the "Corporation"), and Wells Fargo Bank, National Association, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

WHEREAS the Corporation has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its debentures, notes or other evidences of indebtedness (collectively, the "Securities"), to be issued in one or more series as in this Indenture provided and has selected Wells Fargo Bank, National Association to act as Trustee hereunder;

WHEREAS this Indenture is subject to the provisions of the Trust Indenture Act of 1939, as amended, that are required to be part of this Indenture and shall, to the extent applicable, be governed by such provisions; and

WHEREAS all things necessary to make this Indenture a valid and legally binding agreement in accordance with its terms have been done;

NOW THEREFORE THIS INDENTURE WITNESSES THAT:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of the respective Holders from time to time of the Securities and of the Coupons, if any, appertaining thereto, as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.01 Definitions. For all purposes of this Indenture and in the Securities, except as otherwise expressly provided or unless the subject matter or context otherwise requires:

"accelerated indebtedness" has the meaning specified in Section 5.01.

"Act", when used with respect to any Holder, has the meaning specified in Section 1.04;

"Additional Amounts" has the meaning specified in Section 9.08.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing;

"Authenticating Agent" means, with respect to the Securities of any series, any Person authorized by the Trustee to act on behalf of the Trustee to authenticate the Securities of such series;

"Authorized Agent" has the meaning specified in Section 1.18;

"Authorized Newspaper" means a newspaper (which, in the case of Canada, will, if practicable, be either *The Globe & Mail* or the *National Post*, in the case of The City of New York, will, if practicable, be *The Wall Street Journal* (Eastern Edition), in the case of the United Kingdom, will, if practicable, be *The Financial Times* (London Edition) and, in the case of Luxembourg, will, if practicable, be *The Luxembourg Wort*), printed in an official language of the country of publication, customarily published at least once a day for at least five days in each calendar week and of general circulation in Canada, The City of New York, the United Kingdom or Luxembourg, as applicable. If it shall be impractical, in the opinion of the Corporation, to make any publication of any notice required hereby in an Authorized Newspaper, any publication or other notice in lieu thereof which is made or given shall constitute a sufficient publication of such notice;

"Borrowed Money" means Indebtedness in respect of moneys borrowed (including interest and other charges in respect thereof) and moneys raised by the issue of notes, bonds, debentures or other evidences of moneys borrowed;

"Business Day", when used with respect to any Place of Payment and subject to Section 1.14, means a day other than a Saturday or a Sunday and other than a day on which banking institutions in such Place of Payment are authorized or obligated by law or regulation to close;

"Canadian Taxes" has the meaning specified in Section 9.08;

"Capital Lease Obligation" means the obligation of a Person, as lessee, to pay rent or other amounts to the lessor under a lease of real or personal property which is required to be classified and accounted for as a capital lease on a consolidated balance sheet of such Person in accordance with GAAP;

"Commission" means the U.S. Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time;

"Component Currency" has the meaning specified in Section 3.11;

"Consolidated Net Tangible Assets" means the total amount of assets determined on a consolidated basis after deducting therefrom:

(i) all current liabilities (excluding any Indebtedness classified as a current liability and any current liabilities which are by their terms extendible or

renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed);

(ii) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles; and

(iii) appropriate adjustments on account of minority interests of other Persons holding stock of the Corporation's Subsidiaries,

all as set forth on the most recent balance sheet of the Corporation and its consolidated Subsidiaries and computed in accordance with GAAP;

"Conversion Date" has the meaning specified in Section 3.11(b);

"Conversion Event" means the cessation of use of (i) a Foreign Currency (other than the Euro or other currency unit) both by the government of the country which issued such Currency and by a central bank or other public institution of or within the international banking community for the settlement of transactions, (ii) the Euro or (iii) any currency unit (or composite currency) other than the Euro for the purposes for which it was established;

"Corporate Trust Office" means the office of the Trustee at which its corporate trust business, with regard to this Indenture and the transactions completed hereunder, at any particular time, shall be principally administered, which office at the date hereof is located at 150 East 42nd Street, 40th Floor, New York, New York 10017, Attention: Corporate Trust Services, Administrator – Canadian Pacific Railway Company;

"Corporation" means Canadian Pacific Railway Company until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Corporation" shall mean such successor Person;

"Corporation Order" or "Corporation Request" means a written order or request of the Corporation, signed by any two of its Officers holding office at the time of signing, delivered to the Trustee;

"Corporation's Auditors" means an independent firm of chartered accountants duly appointed as auditors of the Corporation;

"Counsel" means any barrister or solicitor or attorney or firm of barristers or solicitors or attorneys who may be counsel for, or (except in the case of an Opinion of Counsel delivered pursuant to Section 10.08 or as otherwise provided) an employee of, the Corporation;

"Coupon" means any interest coupon appertaining to a Security;

"covenant defeasance" has the meaning specified in Section 12.03;

"Currency" means any currency or currencies, composite currency or currency unit or currency units, including, without limitation, the Euro, issued by the government of one or more countries or by any recognized confederation or association of such governments;

"Defaulted Interest" has the meaning specified in Section 3.07;

"defeasance" has the meaning specified in Section 12.02;

"Depositary" means, with respect to the Securities of any series issuable or issued in the form of one or more Registered Global Securities, the Person designated as Depositary by the Corporation pursuant to Section 3.01 until a successor Depositary shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Depositary" shall mean each Person who is then a Depositary hereunder; and if at any time there is more than one such Person, "Depositary" as used with respect to the Securities of any such series shall mean each Depositary with respect to the Registered Global Securities of such series;

"Director" means a director of the Corporation for the time being, and reference without more to action by the Directors means action by the Directors as a board or, whenever duly empowered, by the executive committee of the board;

"Directors' Resolution" means a resolution, a copy of which is certified by the Secretary or an Assistant Secretary of the Corporation to have been duly adopted or consented to by the Directors and to be in full force and effect on the date of such certification, delivered to the Trustee;

"Dollars" and "$" means lawful money of Canada and "U.S. Dollars" and "U.S. $" means lawful money of the United States of America;

"Dollar Equivalent of the Currency Unit" has the meaning specified in Section 3.11(g);

"Dollar Equivalent of the Foreign Currency" has the meaning specified in Section 3.11(f);

"Election Date" has the meaning specified in Section 3.11(h);

"Euro" means the single Currency of the participating member states from time to time of the European Union described in legislation of the European Counsel for the Operation of a single unified European currency (whether known as the Euro or otherwise);

"Event of Default" has the meaning specified in Section 5.01;

"Exchange Rate Agent" means, with respect to Securities of or within any series, unless otherwise specified with respect to any Securities pursuant to Section 3.01, a New York Clearing House bank, designated pursuant to Section 3.01 or Section 3.12;

"Exchange Rate Officer's Certificate" means a tested telex or a certificate setting forth (i) the applicable Market Exchange Rate and (ii) the Dollar or Foreign Currency amounts of principal (and premium, if any) and interest, if any (on an aggregate basis and on the basis of a Security having the lowest denomination principal amount determined in accordance with Section 3.02 in the relevant Currency), payable with respect to a Security of any series on the

basis of such Market Exchange Rate, sent (in the case of a telex) or signed (in the case of a certificate) by the Treasurer, any Vice President or any Assistant Treasurer of the Corporation;

"Excluded Holder" has the meaning specified in Section 9.08;

"FATCA" means (a) Sections 1471 through 1474 of the *Internal Revenue Code of 1986*, as amended from time to time (including regulations and guidance thereunder) (the "**Code**"), (b) any successor version thereof, (c) any agreement entered into pursuant to Section 1471(b)(1) of the Code or (d) any law, regulation, rule or practice implementing an intergovernmental agreement or approach thereto;

"Foreign Currency" means a Currency issued by the government of a country other than the United States;

"GAAP" means, at any time, accounting principles generally accepted in the United States at the relevant time applied on a consistent basis, provided that, if reference to "GAAP" is in respect of any financial statements which are prepared in accordance with generally accepted accounting principles of Canada, "GAAP" shall mean generally accepted accounting principles in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time, applied on a consistent basis;

"Government Obligations" means securities which are (i) direct obligations of the government which issued the currency in which the Securities of a particular series are denominated for the payment of which its full faith and credit is pledged or (ii) obligations of a Person the payment of which is unconditionally guaranteed as a full faith and credit obligation by such government, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the *Securities Act of 1933* (United States of America), as amended) as custodian with respect to any such Government Obligation or a specific payment of principal of or interest on any such Government Obligation held by such custodian for the account of the holder of such depository receipt, provided that (except as provided by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of such Government Obligation or the specific payment of principal of or interest on such Government Obligation evidenced by such depository receipt;

"Holder" means (i) in the case of any Registered Security, the Person in whose name such Registered Security is registered in the Security Register and (ii) in the case of any Unregistered Security, the bearer of such Unregistered Security, or any Coupon appertaining thereto, as the case may be;

"Indebtedness" means and includes all items of indebtedness which, in accordance with GAAP, would be included in determining total liabilities as shown on the liability side of a balance sheet as at the date as of which Indebtedness is to be determined, but in any event including, without limitation, (1) obligations in respect of indebtedness for Borrowed Money secured by any Security Interest existing on property owned subject to such Security Interest, whether or not the obligations secured thereby shall have been assumed, and (2)

guarantees and other contingent obligations in respect of, or any obligations to purchase or otherwise acquire or service, indebtedness of any other Person;

"Indenture" means this instrument as originally executed and delivered or, if amended or supplemented as herein provided, as so amended or supplemented or both, and shall include the forms and terms of particular series of Securities established as contemplated by Section 3.01; provided, however, that, if at any time more than one Person is acting as Trustee under this instrument, "Indenture" shall mean, with respect to any one or more series of Securities for which such Person is Trustee, this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of particular series of Securities for which such Person is Trustee established as contemplated by Section 3.01, exclusive, however, of any provisions or terms which relate solely to other series of Securities for which such Person is not Trustee, regardless of when such terms or provisions were adopted, and exclusive of any provisions or terms adopted by means of one or more indentures supplemental hereto executed and delivered after such Person had become such Trustee but to which such Person, as such Trustee, was not a party;

"Interest Payment Date", when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security;

"Judgment Conversion Date" has the meaning specified in Section 1.17;

"Judgment Currency" has the meaning specified in Section 1.17;

"mandatory sinking fund payment" has the meaning specified in Section 11.01;

"Market Exchange Rate" means, unless otherwise specified with respect to any Securities pursuant to Section 3.01, (i) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.01 for the Securities of the relevant series, (ii) for any conversion of Dollars into any Foreign Currency, the noon (New York City time) buying rate for such Foreign Currency for cable transfers quoted in New York City as certified for customs purposes by the Federal Reserve Bank of New York and (iii) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in either New York City, Toronto, London or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Securities pursuant to Section 3.01, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (i), (ii) and (iii), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such quotation of the Federal Reserve Bank of New York as of the most recent available date, or quotations from one or more major banks in New York City, Toronto, London or another principal market for the Currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by

the Exchange Rate Agent, if there is more than one market for dealing in any Currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such Currency shall be that upon which a non-resident issuer of securities designated in such Currency would purchase such Currency in order to make payments in respect of such securities.

"Maturity", when used with respect to any Security, means the date on which the principal of such Security or an installment of such principal becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof, by declaration of acceleration, call for redemption or otherwise;

"Officer", when used with respect to the Corporation, means the Chairman of the Board, the President, any Vice President, any Treasurer, any Assistant Treasurer, the Controller, any Assistant Controller, the Secretary or any Assistant Secretary of the Corporation;

"Officers' Certificate" means a certificate of the Corporation, signed by any two Officers in their capacities as officers of the Corporation at the time of signing and not in their personal capacities, delivered to the Trustee;

"Opinion of Counsel" means a written opinion of Counsel;

"optional sinking fund payment" has the meaning specified in Section 11.01;

"Original Issue Discount Security" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 5.02;

"Outstanding", when used with respect to Securities, means, as of any particular time, all such Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Corporation) in trust or set aside and segregated in trust by the Corporation (if the Corporation shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Securities which have been paid pursuant to Section 3.06 or have been mutilated, lost, stolen or destroyed and in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture; and

(iv) Securities which have been defeased pursuant to Article Twelve;

provided, however, that in determining whether the Holders of the requisite principal amount of the Securities of any or all series then Outstanding have voted or have signed or given any

request, demand, authorization, direction, notice, consent, requisition, waiver or other instrument or have taken any action or constitute a quorum at any meeting of Holders hereunder, (a) the principal amount of an Original Issue Discount Security which shall be deemed to be Outstanding for such purposes shall be the portion of the principal amount thereof that could be declared to be due and payable upon the occurrence of an Event of Default and the continuation thereof pursuant to the terms of such Original Issue Discount Security as of such time and (b) Securities owned by the Corporation, or any other obligor upon the Securities, or any Subsidiary or any Affiliate of the Corporation or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in conclusively relying upon any such request, demand, authorization, direction, notice, consent, requisition, waiver or other instrument or action or on the Holders present or represented at any meeting of Holders, only Securities which the Responsible Officer of the Trustee knows to be so owned shall be so disregarded;

"Parent" means Canadian Pacific Railway Limited;

"Paying Agent" means any Person authorized by the Corporation to pay the principal of (and premium, if any) or interest on any Securities on behalf of the Corporation;

"Periodic Offering" means an offering of Securities of any series from time to time, the specific terms of which Securities, including, without limitation, the rate or rates of interest, if any, thereon, the Stated Maturity or Stated Maturities thereof and the redemption provisions, if any, with respect thereto are to be determined by the Corporation or its agents upon the issuance of such Securities;

"Permitted Encumbrances" means any of the following:

(i) any Security Interest existing as of the date of the first issuance by us of the Securities issued pursuant to the Indenture, or arising thereafter pursuant to contractual commitments entered into prior to such issuance including without limitation, any outstanding Perpetual 4% Consolidated Debenture Stock of the Corporation, whether issued, pledged or vested in trust;

(ii) any Security Interest in favor of the Corporation or any of its wholly-owned Subsidiaries;

(iii) any Security Interest existing on the property of any Person at the time such Person becomes a Subsidiary, or arising thereafter pursuant to contractual commitments entered into prior to and not in contemplation of such Person becoming a Subsidiary;

(iv) any Security Interest on property of a Person which Security Interest exists at the time such Person is merged into, or amalgamated or consolidated with, the Corporation or a Subsidiary, or such property is otherwise acquired by the Corporation or a Subsidiary, provided that such Security Interest does not extend to property owned by the Corporation or such Subsidiary immediately prior to such merger, amalgamation, consolidation or acquisition;

(v) any Security Interest already existing on property acquired (including by way of lease) by the Corporation or any of its Subsidiaries at the time of such acquisition;

(vi) any Security Interest securing any Indebtedness incurred in the ordinary course of business and for the purpose of carrying on the same, repayable on demand or maturing within 12 months of the date when such Indebtedness is incurred or the date of any renewal or extension thereof;

(vii) any Security Interest in respect of (a) liens for taxes and assessments not at the time overdue or any liens securing workmen's compensation assessments, unemployment insurance or other social security obligations; provided, however, that if any such liens, duties or assessments are then overdue, the Corporation or the Subsidiary, as the case may be, shall be prosecuting an appeal or proceedings for review with respect to which it shall be entitled to or shall have secured a stay in the enforcement of any such obligations, (b) any lien for specified taxes and assessments which are overdue but the validity of which is being contested at the time by the Corporation or the Subsidiary, as the case may be, in good faith, (c) any liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease, (d) any obligations or duties, affecting the property of the Corporation or that of a Subsidiary to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising from the fact that such structures or facilities are constructed or installed on lands held by the Corporation or the Subsidiary under government permits, leases, licenses or other grants, (e) any deposits or liens in connection with contracts, bids, tenders or expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, public and statutory obligations and liens or claims incidental to current construction or operations including but not limited to, builders', mechanics', laborers', materialmen's, warehousemen's, carrier's and other similar liens, (f) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit to terminate any such lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition to the continuance thereof, (g) any Security Interest the validity of which is being contested at the time by the Corporation or a Subsidiary in good faith or payment of which has been provided for by creation of a reserve in an amount in cash sufficient to pay the same in full, (h) any easements, rights-of-way and servitudes (including, without in any way limiting the generality of the foregoing, easements, rights-of-way and servitudes for railways, sewers, dykes, drains, gas and water mains or electric light and power or telephone conduits, poles, wires and cables) and minor defects, or irregularities of title that, in the opinion of the Corporation, will not in the aggregate materially and adversely impair the use or value of the land concerned for the purpose for which it is held by the Corporation or the Subsidiary, as the case may be, (i) any security to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the operations of the Corporation or the Subsidiary, as the case may be, (j) any liens and privileges arising out of judgments or awards with respect to which the Corporation or the Subsidiary shall be prosecuting an appeal or proceedings for review

and with respect to which it shall be entitled to or shall have secured a stay of execution pending such appeal or proceedings for review and (k) reservations, limitations, provisos and conditions, if any expressed in or affecting any grant of real or immoveable property or any interest therein;

(viii) any Security Interest in respect of any Purchase Money Obligation;

(ix) any extension, renewal, alteration or replacement (or successive extensions, renewals, alterations or replacements) in whole or in part, of any Security Interest referred to in the foregoing clauses (i) through (viii) inclusive, provided that the principal amount of the Indebtedness secured thereby on the date of such extension, renewal, alteration or replacement is not increased and the Security Interest is limited to the property or other assets which secured the Security Interest so extended, renewed, altered or replaced (plus improvements on such property or other assets or the proceeds thereof); and

(x) any Security Interest that would otherwise be prohibited (including any extensions, renewals, alterations or replacements thereof) provided that the aggregate Indebtedness outstanding and secured under this clause (x) does not (calculated at the time of the granting of the Security Interest) exceed an amount equal to 10% of Consolidated Net Tangible Assets.

"Person" means any individual, corporation, limited liability company, partnership, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof;

"Place of Payment", when used with respect to the Securities of any series, means the place or places where the principal of (and premium, if any) and interest on the Securities of such series are payable as determined by or pursuant to this Indenture;

"Purchase Money Obligation" means any monetary obligation (including a Capital Lease Obligation) created, assumed or incurred prior to, at the time of, or within 180 days after the acquisition (including by way of lease), construction or improvement of any real or tangible personal property, for the purpose of financing all or any part of the purchase price or lease payments in respect thereof, provided that the principal amount of such obligation may not exceed the unpaid portion of the purchase price or lease payments, as applicable, and further provided that any security given in respect of such obligation shall not extend to any property other than the property acquired in connection with which such obligation was created or assumed and fixed improvements, if any, thereto or erected or constructed thereon and the proceeds thereof;

"Railroad Subsidiary" means a Subsidiary whose principal assets are Railway Properties;

"Railway Properties" means all main and branch lines of railway located in Canada or the United States, including all real property used as the right of way for such lines;

"Redemption Date", when used with respect to any Security to be redeemed, means the date specified for such redemption in accordance with or pursuant to this Indenture;

"Redemption Price", when used with respect to any Security to be redeemed, means the price at which such Security is to be redeemed in accordance with or pursuant to this Indenture;

"Registered Global Security" means a Security that evidences all or part of any series of Securities, is issued to the Depositary for such series, or its nominee, in accordance with Section 3.02 and bears the legend prescribed in Section 3.02;

"Registered Security" means any Security registered on the Security Register;

"Regular Record Date", for the interest payable on any Interest Payment Date on the Registered Securities of any series, means the date specified for such purpose in accordance with or pursuant to this Indenture;

"Repayment Date" means, when used with respect to any Security to be repaid at the option of the Holder, the date fixed for such repayment pursuant to this Indenture;

"Required Currency" has the meaning specified in Section 1.17;

"Responsible Officer", when used with respect to the Trustee, means any vice president, any assistant vice president, any trust officer or assistant trust officer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture;

"Securities" has the meaning stated in the first recital of this instrument and more particularly means any Securities authenticated and delivered under this Indenture; provided, however, that if at any time there is more than one Person acting as Trustee under this Indenture, "Securities" with respect to the Indenture as to which such Person is Trustee shall have the meaning stated in the first recital of this Indenture and shall more particularly mean Securities authenticated and delivered under this Indenture, exclusive, however, of Securities of any series as to which such Person is not Trustee;

"Security Interest" means any security by way of an assignment, mortgage, charge, pledge, lien, encumbrance, title retention agreement or other security interest whatsoever, howsoever created or arising, whether absolute or contingent, fixed or floating, perfected or not, but not including any security interest in respect of a lease which is not a Capital Lease Obligation or any encumbrance that may be deemed to arise solely as a result of entering into an agreement not in violation of the terms of the Indenture to sell or otherwise transfer assets or property;

"Security Register" and "Security Registrar" have the respective meanings specified in Section 3.05;

"Shareholders' Equity" means, with respect to any Person, at any date, the aggregate of the Dollar amount of the outstanding share capital, the amount, without duplication, of any surplus, whether contributed or capital, and retained earnings, subject to any currency translation adjustment, all as set forth in such Person's most recent annual consolidated balance sheet;

"Significant Subsidiary" means a Subsidiary that constitutes a "significant subsidiary" as defined in Rule 1-02 of Regulation S-X under the U.S. Securities Exchange Act of 1934, as amended;

"sinking fund payment date" has the meaning specified in Section 11.01;

"Special Record Date", for the payment of any Defaulted Interest, means a date fixed by the Trustee pursuant to Section 3.07;

"Specified Amount" has the meaning specified in Section 3.11;

"Stated Maturity", when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security and any Coupon appertaining thereto as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable;

"Subsidiary" means any corporation or other Person of which there are owned, directly or indirectly, by or for the Corporation or by or for any corporation or other Person in like relation to the Corporation, Voting Shares or other interests which, in the aggregate, entitle the holders thereof to cast more than 50% of the votes which may be cast by the holders of all outstanding Voting Shares of such first mentioned corporation or other Person for the election of its directors or, in the case of any Person which is not a corporation, Persons having similar powers or (if there are no such persons) entitle the holders thereof to more than 50% of the income or capital interests (however called) thereon and includes any corporation in like relation to a Subsidiary;

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended, as in force at the date as of which this Indenture was executed, except as provided in Section 8.06;

"Trustee" means Wells Fargo Bank, National Association until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder; and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to the Securities of such series;

"United States" means the United States of America (including the states and the District of Columbia), its territories, possessions and other areas subject to its jurisdiction;

"Unregistered Security" means any Security other than a Registered Security;

"Valuation Date" has the meaning specified in Section 3.11(c);

"Vice President", when used with respect to the Corporation or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president";

"Voting Shares" means shares of capital stock of any class of a corporation and other interests of any other Persons having under all circumstances the right to vote for the election of the directors of such corporation or in the case of any Person which is not a corporation, Persons having similar powers or (if there are no such persons) income or capital interests (however called), provided that, for the purpose of this definition, shares or other interests which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Shares whether or not such event shall have happened;

"Yield to Maturity" means the yield to maturity on a series of Securities, calculated at the time of issuance of such series, or, if applicable, at the most recent redetermination of interest on such series, in accordance with accepted financial practice;

All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP;

The words "hereto", "herein", "hereof", "hereby" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision and references to Articles and Sections are to Articles and Sections of this Indenture; and

Words importing the singular number only include the plural and *vice versa*, words importing any gender include any other gender and any reference to any statute or other legislation shall be deemed to be a reference to such legislation as now enacted or as the same may from time to time be amended, re-enacted or replaced.

SECTION 1.02 Compliance Certificates and Opinions. Upon any application or request by the Corporation to the Trustee to take any action under any provision of this Indenture, the Corporation shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such Counsel all such conditions precedent, if any, have been complied with, except that in the case of any application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each individual signing such certificate or opinion has read and understands such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination and investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such individual, he or she has made such examination or investigation as he or she believes necessary to enable him or her to make the statement or express the opinion contained in such certificate or opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with in accordance with the terms of the Indenture.

SECTION 1.03 Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it shall not be necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons with respect to other matters, and any such Person may certify or give an opinion with respect to such matters in one or several documents.

Any certificate or opinion of an Officer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, Counsel, unless such Officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the legal matters upon which his or her certificate or opinion is based are erroneous. Any such certificate or opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an Officer or Officers stating that the information with respect to such factual matters is in the possession of the Corporation, unless such Counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such factual matters are erroneous.

Any certificate or opinion of an Officer or Opinion of Counsel may be based, insofar as it relates to any accounting matters, upon a certificate or opinion of, or representations by, the Corporation's Auditors or an accountant or another firm of accountants engaged by the Corporation, unless such Officer or Counsel, as the case may be, knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such accounting matters are erroneous. Any certificate or opinion of any independent firm of chartered accountants filed with and directed to the Trustee shall contain a statement that such firm is independent.

SECTION 1.04 Acts of Holders. Any request, demand, authorization, direction, notice, consent, waiver or other action required or permitted by this Indenture to be given or taken by a specified percentage in aggregate principal amount of the Holders of one or more series then Outstanding may be embodied in and evidenced: (i) by one or more instruments of substantially similar tenor signed by such specified percentage of Holders in person or by agent duly appointed in writing, and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, if hereby expressly required, to the Corporation; (ii) by the record of such specified percentage of Holders voting in favor thereof at any meeting of such Holders duly called and held; and (iii) by a combination of such instrument or instruments and any such record of a meeting. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments or voting at such meeting. Proof of the execution of any such instrument or of a writing appointing any such agent and of the holding by any Person of any of the Securities of any series shall be sufficient for any purpose of this Indenture and, subject to Section 6.01, conclusive in favor of the Trustee and the Corporation, if made in the manner set forth in this Section.

(a) The fact and date of the execution by any such Person of any instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction authorized to take acknowledgments of deeds or administer oaths that the Person executing such instrument or writing acknowledged to him or her the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer. Where such execution is by or on behalf of any legal entity other than an individual, such certificate or affidavit shall also constitute sufficient proof of the authority of the Person executing the same.

(b) The ownership of an Unregistered Security of any series, or of any Coupon attached thereto at its issuance, and the identifying number of such Security and the date of such ownership, may be proved by the production of such Security or Coupon or by a certificate executed by any trust company, bank, banker or recognized securities dealer, wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory. Each such certificate shall be dated and shall state that on the date thereof a Security of such series bearing a specified identifying number was deposited with such trust company, bank, banker or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Unregistered Securities of one or more series specified therein. The ownership by the Person named in any such certificate of any Unregistered Security specified therein shall be presumed to continue unless at the time of any determination of such ownership and holding (i) another certificate bearing a later date issued in respect of such Security shall be produced, (ii) such Security shall be produced by some other Person, (iii) such Unregistered Security shall have been exchanged for a Registered Security or (iv) such Security shall have ceased to be Outstanding.

(c) Subject to Section 6.01, the fact and date of the execution of any such instrument or writing and the ownership, principal amount and number(s) of any Unregistered Securities may also be proved in accordance with such reasonable rules and regulations as may be prescribed by the Trustee for any series or in any other manner which the Trustee may deem sufficient.

(d) In the case of Registered Securities, the ownership thereof shall be proved by the Security Register.

(e) The Corporation may fix a record date for the purpose of determining the identity of the Holders entitled to participate in any Act required or permitted under this Indenture, which record date shall be not earlier than 30 days prior to the first solicitation of the written instruments or vote required for such Act. If such a record date is fixed, the Persons who were the Holders of the Securities of the affected series at the close of business on such record date (or their duly authorized proxies) shall be the only Persons entitled to execute written instruments or to vote with respect to such Act, or to revoke any written instrument or vote previously delivered or given, whether or not such Persons shall continue to be Holders of the Securities of such series after such record date. With regard to any action that may be given or taken hereunder only by Holders of a requisite principal amount of Outstanding Securities of any series (or their duly appointed agents) and for which a record date is set pursuant to this paragraph, the Corporation may, at its option, set an expiration date after which no such action purported to be given or taken by any Holder shall be effective hereunder unless given or taken on or prior to such expiration date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date (or their duly appointed agents). On or prior to any expiration date set pursuant to this paragraph, the Corporation may, on one or more occasions at its option, extend such date to any later date. Nothing in this paragraph shall prevent any Holder (or any duly appointed agent thereof) from giving or taking, after any expiration date, any action identical to, or, at any time, contrary to or different from, any action given or taken, or purported to have been given or taken, hereunder by a Holder on or prior to such date, in which event the Corporation may set a record date in respect thereof pursuant to this paragraph. Notwithstanding the foregoing, the Corporation shall not set a record date for, and the provisions of this paragraph shall not apply with respect to, any action to be given or taken by Holders pursuant to Section 5.01 or 5.02.

(f) At any time prior to (but not after) the evidencing to the Trustee, as provided in paragraph 0of this Section, of any Act by the Holders of the requisite percentage of the aggregate principal amount of the Securities of one or more series, as the case may be, any Holder of a Security, the serial number of which is shown by the evidence to be included among the serial numbers of the Securities the Holders of which have consented to such Act, may, by filing written notice at the Corporate Trust Office and upon proof of ownership as required or permitted by this Section, revoke any written instrument or vote with respect to such Act in respect of such Security. Except as provided in the preceding sentence, any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Corporation in reliance thereon, whether or not notation of such action is made upon such Security.

(g) Without limiting the foregoing, a Holder entitled hereunder to give or take any action hereunder with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any different part of such principal amount.

SECTION 1.05 Notices, Etc., to Trustee. Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document required or permitted by this Indenture to be made upon, given or furnished to, or filed with, the Trustee by any Holder or by the Corporation shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee (i) by delivery to the Trustee at the Corporate Trust Office, (ii) by facsimile (with confirmation) to fax number (917) 260-1593, (iii) by mail by registered letter, postage prepaid or (iv) by electronic communication, to the Trustee at the Corporate Trust Office Attention: Corporate Trust Services, Administrator – Canadian Pacific Railway Company and, subject as provided in this Section 1.05, shall be deemed to have been given when received. In the case of disruption in postal services any notice shall be sent by facsimile or delivered. The Trustee may from time to time notify the Corporation of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Trustee for all purposes of this Indenture.

SECTION 1.06 Notices, Etc., to Corporation. Any request, demand, authorization, direction, notice, consent, waiver, or Act of Holders or other document required or permitted by this Indenture to be made upon, given or furnished to, or filed with the Corporation under the provisions hereof by the Trustee or by any Holder shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Corporation (i) by delivery to Suite 500, 401 9th Avenue, S.W., Calgary, Alberta T2P 4Z4, Attention: Vice President, Legal Services and Corporate Secretary, (ii) by facsimile (with confirmation) to fax number (403) 319-7473, (iii) by mail by registered letter, postage prepaid, or (iv) by electronic communication, addressed to the Corporation at Suite 500, 401 9th Avenue, S.W., Calgary, Alberta T2P 4Z4, Attention: Vice President, Legal Services and Corporate Secretary and, subject as provided in this Section 1.06, shall be deemed to have been given at the time of delivery or sending by facsimile or on the third Business Day after mailing. Any delivery made or facsimile sent on a day other than a Business Day, or after 5:00 p.m. (New York time) on a Business Day, shall be deemed to be received on the next following Business Day. In the case of disruption in postal services any notice, if mailed, shall not be deemed to have been given until it is actually delivered to the Corporation. The Corporation may from time to time notify the Trustee of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Corporation for all purposes of this Indenture.

SECTION 1.07 Notice to Holders; Waiver. Where this Indenture or any Security requires or permits notice by the Corporation or by the Trustee to the Holders of any event, such notice shall be sufficient (unless otherwise herein or in such Security expressly provided) if (i) in the case of any Holders of Registered Securities of any series or any Holders of Unregistered Securities of any series who shall have filed their names and addresses with the Trustee (for purposes of receipt of notice), given or served by being sent by electronic communication or by being deposited in the mail, first-class, postage prepaid, addressed to such Holders at their addresses or electronic communication numbers as they shall appear on the Security Register or at the addresses so filed, respectively, and (ii) in the case of any Holders of other Unregistered Securities, published by the Corporation at least once in an Authorized Newspaper in Canada (if required), in The City of New York (if required), the United Kingdom (if required) and Luxembourg (if required), not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. The Corporation shall notify the Trustee of any required publication of any notices to Holders. In any case where

notice to the Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to the other Holders.

Where this Indenture or any Security provides for or permits notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 1.08 Effect of Headings and Table of Contents. The headings of the Articles and Sections herein and the Table of Contents are for convenience only and shall not affect the construction or interpretation hereof.

SECTION 1.09 Successors and Assigns. All covenants and agreements in this Indenture by the Corporation shall bind its successors and assigns, whether so expressed or not.

SECTION 1.10 Separability Clause. In case any provision in this Indenture or in the Securities or Coupons shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions thereof shall not in any way be affected or impaired by such invalidity, illegality or unenforceability.

SECTION 1.11 Benefits of Indenture. Nothing in this Indenture, in the Securities or in the Coupons, express or implied, shall give or be construed to give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 1.12 Governing Law. This Indenture and each Security and Coupon shall be governed by and construed in accordance with the laws of the State of New York and the federal laws of the United States of America applicable thereto and shall be treated in all respects as New York contracts, except as may be otherwise required by mandatory provisions of law.

SECTION 1.13 Language Clause. Les parties aux présentes ont exigé que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en langue anglaise. The parties hereto have required that this Indenture and all documents and notices related thereto be in English.

SECTION 1.14 Legal Holidays. In any case where any Interest Payment Date, Redemption Date, Sinking Fund Payment Date or Stated Maturity or Maturity or Coupon shall not be a Business Day in a Place of Payment then (notwithstanding any other provision of this Indenture, of the Securities or of the Coupons) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as though made on the Interest Payment Date, the Redemption Date, at the Stated Maturity, the Sinking Fund Payment Date or at Maturity, and no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date, Sinking Fund Payment Date or Stated

Maturity of any Security or Maturity of any Security, as the case may be. Except as otherwise provided in the preceding sentence, whenever any period of time would begin or end, any calculation is to be made, or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, such period of time shall begin or end, such calculation shall be made or such other action shall be taken on the next succeeding Business Day and an extension of time shall be included for the purposes of computation of interest thereon.

SECTION 1.15 Counterparts. This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original; but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Indenture by telecopier, facsimile or other electronic transmission (i.e., a "pdf" or "tif") shall be effective as delivery as a manually executed counterpart thereof and may be used in lieu of the original Indenture for all purposes.

SECTION 1.16 Securities in a Foreign Currency or in Euros. Unless otherwise specified in or pursuant to a Directors' Resolution, a supplemental indenture or an Officers' Certificate delivered pursuant to Section 3.01 with respect to a particular series of Securities, whenever for purposes of this Indenture any action may be taken by the Holders of a specified percentage in aggregate principal amount of the Securities of one or more series at the time Outstanding and, at such time, there are Outstanding Securities of any such affected series which are denominated in a Foreign Currency, then the principal amount of the Securities of such series which shall be deemed to be Outstanding for the purpose of taking such action shall be the amount of U.S. Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable record date established pursuant to Section 1.04 or, if no such record date shall have been established, on the date that the taking of such action shall be authorized by Act of the Holders of the Securities of all such affected series. The provisions of this paragraph shall also apply in connection with any other action taken by the Holders pursuant to the terms of this Indenture, including without limitation any action under Section 5.02.

All decisions and determinations of the Corporation regarding the Market Exchange Rate or any alternative determination provided for in the preceding paragraph shall be in its sole discretion and shall, in the absence of manifest error, be conclusive to the extent permitted by law for all purposes and irrevocably binding upon the Corporation and all Holders.

SECTION 1.17 Judgment Currency. (a) The Corporation agrees, to the fullest extent that it may effectively do so under applicable law, that if for the purpose of obtaining or enforcing judgment against the Corporation in any court it is or becomes necessary to convert the sum due in respect of the principal of (and premium, if any) or interest on the Securities of any series (the "Required Currency") into a currency in which a judgment will be rendered (the "Judgment Currency"), the conversion shall be made at the rate of exchange at which, in accordance with normal banking procedures, the Corporation could purchase in Calgary, Alberta, Canada the Required Currency with the Judgment Currency on the Business Day immediately preceding:

(i) the date of actual payment of the amount due, in the case of any proceeding in the courts of the Province of Alberta or in the courts of any other jurisdiction that will give effect to such conversion being made on such date; or

(ii) the date on which the final unappealable judgment is given, in the case of any proceeding in the courts of any other jurisdiction

(the date as of which such conversion is made pursuant to this clause being hereinafter in this Section 1.17 referred to as the "Judgment Conversion Date").

(b) If, in the case of any proceeding in the court of any jurisdiction referred to in clause (ii) of Section 1.17(a), there is a change in the rate of exchange prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the Corporation shall pay such additional amount (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of Dollars which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date.

(c) The Corporation also agrees, to the fullest extent that it may effectively do so under applicable law, that its obligations under this Indenture and the Securities of such series to make payments in the Required Currency (i) shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment, in any currency other than the Required Currency, except to the extent that such tender or recovery shall result in the effective receipt by the payee of the full amount of the Required Currency expressed to be payable in respect of such payments, (ii) shall be enforceable as an alternative or additional cause of action for the purpose of recovering in the Required Currency the amount, if any, by which such effective receipt shall fall short of the full amount of the Required Currency so expressed to be payable and (iii) shall not be affected by judgment being obtained for any other sums due under this Indenture.

(d) The term "rate of exchange" in this Section 1.17 means the noon rate of exchange for the Judgment Currency in Dollars quoted by the Bank of Canada for the day in question.

(e) In the event of the winding-up of the Corporation at any time while any amount or damages owing under the Securities and this Indenture, or any judgment or order rendered in respect thereof, shall remain outstanding, the Corporation shall indemnify and hold

the Holders and the Trustee harmless against any deficiency arising or resulting from any variation in rates of exchange between (1) the date as of which the equivalent of the amount in the Required Currency due or contingently due under the Securities and this Indenture (other than under this Subsection (e)) is calculated for the purposes of such winding-up and (2) the final date for the filing of proofs of claim in such winding-up. For the purpose of this Subsection (e) the final date for the filing of proofs of claim in the winding-up of the Corporation shall be the date fixed by the liquidator or otherwise in accordance with the relevant provisions of applicable law as being the latest practicable date as at which liabilities of the Corporation may be ascertained for such winding-up prior to payment by the liquidator or otherwise in respect thereto.

SECTION 1.18 Agent for Process; Submission to Jurisdiction. By its execution and delivery of this Indenture, the Corporation irrevocably designates and appoints C T Corporation System, 111 8th Avenue, New York, New York 10011, U.S.A. as the Corporation's authorized agent (the "Authorized Agent") upon whom process may be served in any action, suit or proceeding arising out of or relating to this Indenture, the Securities and/or the Coupons but for that purpose only, and agrees that service of process upon said C T Corporation System, and written notice of such service to the Corporation in the manner provided in Section 1.06, shall be deemed in every respect effective service of process upon the Corporation in any such action, suit or proceeding in any federal or state court in the Borough of Manhattan, The City of New York. The Corporation hereby irrevocably submits to the non-exclusive jurisdiction of any such court in respect of any such legal action or proceeding and waives any objection it may have to the laying of the venue of any such legal action or proceeding. Such designation shall be irrevocable until all amounts in respect of the principal of and interest due and to become due on or in respect of all the Securities issued under this Indenture have been paid by the Corporation pursuant to the terms hereof and the Securities. Notwithstanding the foregoing, the Corporation reserves the right to appoint another Person located or with an office in the Borough of Manhattan, The City of New York, selected in its discretion, as a successor Authorized Agent, and upon acceptance of such consent to service of process by such a successor the designation of the prior Authorized Agent shall terminate. The Corporation shall give written notice to the Trustee and all Holders of the designation by them of a successor Authorized Agent. If for any reason the Authorized Agent ceases to be able to act as the Authorized Agent or to have an address in the Borough of Manhattan, The City of New York, the Corporation will designate a successor authorized agent in accordance with the preceding sentence. The Corporation further agrees to take any and all action, including the execution and filing of any and all such documents and instruments, as may be necessary to continue the designation and appointment of said C T Corporation System, or of any successor Authorized Agent of the Corporation, in full force and effect so long as any of the Securities or Coupons shall be outstanding.

SECTION 1.19 Shareholder, Officers and Directors Exempt from Individual Liability. No recourse under or upon any obligation, covenant or agreement contained in this Indenture, or in any Security or Coupon, or because of any indebtedness evidenced thereby, shall be had against any past, present or future shareholder, officer or director, as such, of the Corporation or of any successor, either directly or through the Corporation or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such

liability being expressly waived and released by the acceptance of the Securities and the Coupons appertaining thereto by the Holders thereof and as part of the consideration for the issue of the Securities and the Coupons appertaining thereto.

SECTION 1.20 Force Majeure. In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

SECTION 1.21 U.S.A. Patriot Act. The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

ARTICLE II

SECURITY FORMS

SECTION 2.01 Forms Generally. The Securities of each series and the Coupons, if any, to be attached thereto shall be substantially in such form, not inconsistent with this Indenture, as shall be established by or pursuant to one or more Directors' Resolutions (as set forth in either a Directors' Resolution or, to the extent established pursuant to, rather than set forth in, a Directors' Resolution, an Officers' Certificate detailing such establishment) or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such letters, numbers or other marks of identification and such legends or endorsements, not inconsistent with this Indenture, as may be required to comply with any law or any rules or regulations pursuant thereto, or with any rules of any securities exchange, or to conform to general usage, all as may be determined by the Officers executing such Securities and Coupons, if any, as evidenced by their execution of such Securities and Coupons.

The definitive Securities and the Coupons, if any, to be attached thereto shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the Officers executing such Securities and Coupons, if any, as evidenced by their execution of such Securities and Coupons.

SECTION 2.02 Form of Trustee's Certificate of Authentication. Subject to Section 6.13, the Trustee's certificate of authentication on all Securities shall be in substantially the following form:

"This is one of the Securities of a series referred to in the within-mentioned Indenture.

Wells Fargo Bank, National Association,
as Trustee

Dated: _____ By:_____
Authorized Signatory"

If at any time there shall be an Authenticating Agent appointed with respect to any series of the Securities, the Securities of each such series shall bear, in addition to the form of the Trustee's certificate of authentication, an alternate certificate of authentication which shall be in substantially the following form:

"This is one of the Securities of a series referred to in the within-mentioned Indenture.

Wells Fargo Bank, National Association,
as Trustee

Dated: _____ By:_____
as Authenticating Agent

By:_____
Authorized Signatory"

ARTICLE III

THE SECURITIES

SECTION 3.01 Amount Unlimited; Issuable in Series. The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series, and, except as otherwise provided herein, each such series shall rank at least *pari passu* with all other unsecured and unsubordinated debt of the Corporation from time to time outstanding and *pari passu* with other Securities issued under this Indenture. There shall be established in or pursuant to one or more Directors' Resolutions (and to the extent established pursuant to, rather than set forth in, a Directors' Resolution, in an Officers' Certificate detailing such establishment) or in one or more indentures supplemental hereto, prior to the original issuance of the Securities of any series:

(1) the designation of the Securities of such series (which shall distinguish the Securities of such series from the Securities of all other series);

(2) any limit upon the aggregate principal amount of the Securities of such series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of such series pursuant to Section 3.04, 3.05, 3.06, 8.05 or 10.07 and except for any Securities which, pursuant to Section 3.02, are deemed never to have been authenticated and delivered hereunder);

(3) if other than U.S. Dollars, the coin or currency in which the Securities of such series are denominated (including, but not limited to, any Foreign Currency);

(4) the extent and manner, if any, to which payment on or in respect of Securities of that series will be senior or will be subordinated to the prior payment of other liabilities and obligations of the Corporation;

(5) the date or dates of issue of the Securities of such series and the date or dates on which the principal of the Securities of such series shall be payable and/or the method by which such date or dates shall be determined;

(6) the rate or rates at which the Securities of such series shall bear interest, if any, the date or dates from which such interest shall accrue, the Interest Payment Dates on which such interest shall be payable and, in the case of Registered Securities, the Regular Record Date for the interest payable on any Interest Payment Date and/or the method by which such rate or rates or date or dates shall be determined;

(7) any place or places other than the Corporate Trust Office where the principal of (and premium, if any) and interest on the Securities of such series shall be payable;

(8) the period or periods within which, the price or prices at which and the terms and conditions upon which the Securities of such series may be redeemed, in whole or in part, at the option of the Corporation, pursuant to any sinking fund or otherwise and/or the method by which such period or periods, price or prices and terms and conditions shall be determined;

(9) the right or obligation, if any, of the Corporation, to redeem, purchase or repay the Securities of such series pursuant to any voluntary or mandatory redemption, sinking fund or analogous provision and the period or periods within which, the price or prices at which and the terms and conditions upon which the Securities of such series shall be so redeemed, purchased or repaid and/or the method by which such period or periods, price or prices and terms and conditions shall be determined;

(10) if other than denominations of U.S. $1,000 and any integral multiple thereof in the case of Registered Securities or the Unregistered Securities, the denominations in which the Securities of such series shall be issuable or the method by which such denominations shall be determined;

(11) if other than the principal amount thereof, the portion of the principal amount of the Securities of such series which shall be payable upon declaration of acceleration of the Maturity thereof or the method by which such portion shall be determined;

(12) if the principal of (and premium, if any) or interest on the Securities of such series are to be payable, at the election of the Corporation or a Holder thereof, in a coin or currency other than that in which the Securities of such series are denominated, the period or periods within which, and the terms and conditions upon which, such election may be made and/or the method by which such period or periods and terms and conditions shall be determined;

(13) if the amount of payments of the principal of (and premium, if any) and interest on the Securities of such series may be determined with reference to an index, the manner in which such amounts shall be determined;

(14) whether the Securities of such series will be issuable as Registered Securities (and if so, whether such Registered Securities will be issuable as Registered Global Securities) or Unregistered Securities (with or without Coupons), or any combination of the foregoing, any restrictions applicable to the offer, sale or delivery of Unregistered Securities or the payment of interest thereon and, if other than as provided in Section 3.05, the terms upon which Unregistered Securities of such series may be exchanged for Registered Securities of such series and vice versa;

(15) whether, under what circumstances and the Currency in which the Corporation will pay Additional Amounts as contemplated by Section 9.08 on the Securities of the series to any Holder (including any modification to the definition of such term) in respect of any tax, assessment or governmental charge and, if so, whether the Corporation will have the option to redeem such Securities rather than pay such Additional Amounts (and the terms of any such option);

(16) if the Securities of the series are to be convertible into or exchangeable for any securities of any Person (including the Corporation), the terms and conditions upon which such Securities will be so convertible or exchangeable;

(17) the designation of the initial Exchange Rate Agent, if any;

(18) whether the Securities of such series will be issuable in the form of one or more Registered Global Securities, and the identification of the Depositary for such Registered Global Securities;

(19) if the Securities of such series are to be issuable in definitive form (whether upon original issuance or upon exchange of a temporary Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, the form and terms of such certificates, documents or conditions;

(20) any trustees, Depositories, authenticating or paying agents, transfer agents, registrars or other agents with respect to the Securities of such series;

(21) any additional events of default or covenants with respect to the Securities of such series or any Events of Default or covenants herein specified which shall not be applicable to the Securities of such series;

(22) the Person to whom any interest on a Security of any series shall be payable, if other than the Person in whose name that Security is registered at the close of business on the Regular Record Date for such interest; and

(23) any other terms of such series.

All Securities of any one series and the Coupons, if any, appertaining thereto shall be substantially identical, except in the case of Registered Securities as to denomination and except as may otherwise be provided by or pursuant to the Directors' Resolution or Officers' Certificate referred to above or as may otherwise be set forth in any indenture supplemental hereto referred to above. All Securities of any series need not be issued at the same time and, unless otherwise provided, a series may be reopened for issuances of additional Securities of such series, if so provided by or pursuant to such Directors' Resolution, Officers' Certificate or supplemental indenture.

SECTION 3.02 Execution, Authentication and Delivery. The Securities shall be executed on behalf of the Corporation by any two of the following Officers: its Chairman of the Board, its President, any of its Vice Presidents, the Secretary, the Treasurer, or any of its Assistant Treasurers**.** The signature of any Officer on the Securities may be manual or facsimile. Typographical and other minor errors or defects in any such reproduction of such seal or any such signature shall not affect the validity or enforceability of any Security which has been duly, manually authenticated and delivered by the Trustee. The Coupons, if any, attached to the Securities of any series shall bear the facsimile signature of any Vice President of the Corporation. A facsimile signature upon a Security or a Coupon by the Corporation shall for all purposes of this Indenture be deemed to be the Signature of the person whose signature it purports to be.

In case any such Officer who shall have so executed any of the Securities or Coupons, if any, shall cease to hold such office before the Security or Coupon so executed (or the Security to which the Coupon so executed appertains) shall be authenticated and delivered by the Trustee or disposed of by the Corporation such Security or Coupon nevertheless may be authenticated and delivered or disposed of and shall bind the Corporation as though the Person who signed such Security or Coupon had not ceased to be such Officer; and any Security or Coupon may be so executed on behalf of the Corporation by such Persons as, at the actual date of execution of such Security or Coupon, shall be the proper officers of the Corporation although at the date of the execution and delivery of this Indenture any such Person was not such an officer.

At any time and from time to time after the execution and delivery of this Indenture, the Corporation may deliver Securities of any series, having attached thereto the Coupons, if any, appertaining thereto, executed by the Corporation to the Trustee for authentication, together with a Corporation Order for the authentication and delivery of such Securities and the other applicable documents referred to below in this Section, including an

Officers' Certificate and Opinion of Counsel, and thereupon the Trustee shall authenticate and deliver such Securities pursuant to such Corporation Order or pursuant to procedures acceptable to the Trustee specified from time to time by a Corporation Order. In authenticating the Securities of any series and accepting the additional responsibilities under this Indenture in respect of the Securities of such series, the Trustee shall be provided with (but, in the case of subparagraphs (b), (c) and (d) below, only at or before the time of the first request of the Corporation to the Trustee to authenticate Securities of such series) and, subject to Section 6.01, shall be fully protected in conclusively relying upon, unless and until such documents shall have been superseded or revoked:

(a) a Corporation Order requesting such authentication and setting forth delivery instructions if the Securities of such series and the Coupons, if any, appertaining thereto are not to be delivered to the Corporation provided that, with respect to the Securities of any series which are subject to a Periodic Offering: (i) the Trustee shall authenticate and deliver the Securities of such series for original issue from time to time, in an aggregate principal amount not exceeding the aggregate principal amount established for such series, pursuant to a Corporation Order or pursuant to procedures acceptable to the Trustee specified from time to time by a Corporation Order, (ii) if so provided in or pursuant to the Directors' Resolution or supplemental indenture establishing the Securities of such series, the maturity date, the original issue date, the interest rate and any other terms of any or all of the Securities of such series and the Coupons, if any, appertaining thereto may be determined by a Corporation Order or pursuant to such procedures and (iii) if so provided in such procedures, such Corporation Order may authorize authentication and delivery pursuant to electronic instructions from the Corporation or its duly authorized agent, which instructions shall be promptly confirmed in writing;

(b) any Directors' Resolution, Officers' Certificate and/or executed supplemental indenture referred to in Section 2.01 or 3.01 by or pursuant to which the form or forms and the terms of the Securities of such series and the Coupons, if any, appertaining thereto were established;

(c) an Officers' Certificate either setting forth the form or forms and the terms of the Securities of such series and the Coupons, if any, appertaining thereto or stating that such form or forms and terms have been established pursuant to Section 2.01 or 3.01 and comply with this Indenture, and covering such other matters as the Trustee may reasonably request, including, without limitation, evidence of compliance pursuant to Section 1.02 and that no Events of Default with respect to any of the Securities shall have occurred and be continuing; and

(d) an Opinion of Counsel, substantially to the effect that:

(i) the form or forms of the Securities of such series and the Coupons, if any, appertaining thereto have been duly authorized and established in conformity with the provisions of this Indenture;

(ii) in the case of an underwritten offering, the terms of the Securities of such series have been duly authorized and established in conformity with the provisions of this Indenture; and in the case of an offering which is not underwritten, certain terms of the Securities of such series have been authorized and established

pursuant to a Directors' Resolution, an Officers' Certificate or a supplemental indenture in accordance with the provisions of this Indenture, and when such other terms as are to be established pursuant to a Corporation Order or procedures set forth in a Corporation Order shall have been established, all of the terms of the Securities of such series will have been duly authorized and established in conformity with the provisions of this Indenture;

(iii) when the Securities of such series and the Coupons, if any, appertaining thereto shall have been executed by the Corporation and authenticated by the Trustee in accordance with the provisions of this Indenture and delivered to and duly paid for by the purchasers thereof, such Securities will have been duly issued under this Indenture and will be valid and legally binding obligations of the Corporation enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights generally and to general principles of equity (regardless of whether considered in a proceeding in equity or at law), and will be entitled to the benefits of this Indenture;

(iv) the issuance of such Securities and any Coupons will not contravene the articles of incorporation or by-laws of the Corporation or result in any violation of any of the terms or provisions of any law or regulation or of any indenture, mortgage or other agreement known to such Counsel by which the Corporation is bound; and

(v) no consent, approval, authorization, order, registration or qualification of or with any governmental agency or body having jurisdiction over the Corporation is required for the execution and delivery of the Securities of such series by the Corporation except such as have been obtained, but no opinion need be expressed as to provincial or state securities or Blue Sky laws.

The Trustee shall have the right to decline to authenticate and deliver any Securities of any series under this Section if the Trustee, being advised by Counsel, shall determine that such action may not lawfully be taken or if the Trustee shall in good faith, by any one of its Responsible Officers, determine that such action would expose the Trustee to personal liability to the Holders of the Securities then Outstanding or would affect the Trustee's rights, duties or immunities under the Securities of such series or this Indenture in a manner which is not reasonably acceptable to the Trustee.

If the Corporation shall establish pursuant to Section 3.01 that the Securities of any series are to be issued in the form of one or more Registered Global Securities, then the Corporation shall execute and the Trustee shall, in accordance with this Section and the Corporation Order with respect to such series, authenticate and deliver one or more Registered Global Securities that (i) shall be in an aggregate principal amount equal to the aggregate principal amount specified in such Corporation Order, (ii) shall be registered in the name of the Depositary therefor or its nominee, (iii) shall be delivered by the Trustee to such Depositary or pursuant to such Depositary's instructions and (iv) shall bear a legend substantially to the following effect:

"Unless and until it is exchanged in whole or in part for Securities in definitive registered form, this Security may not be transferred except as a whole by the Depositary to the nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary."

Each Depositary designated pursuant to Section 3.01 must, at the time of its designation and at all times while it serves as Depositary, be a clearing agency registered under the U.S. Securities Exchange Act of 1934, as amended, and any other applicable statute or regulation.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there shall appear on such Security a certificate of authentication substantially in the form and manually executed as hereinabove provided, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. No Coupon shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose until the certificate of authentication on the Security to which such Coupon appertains shall have been duly executed as hereinabove provided. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Corporation, and the Corporation shall deliver such Security and any Coupons appertaining thereto to the Trustee for cancellation as provided in Section 3.09, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

SECTION 3.03 Denomination and Date of Securities. The Securities of each series shall be issuable as Registered Securities or Unregistered Securities in denominations established as provided in Section 3.01 or, with respect to the Registered Securities or the Unregistered Securities of any series if not so established, in denominations of $1,000 and any integral multiple thereof. The Securities of each series shall be numbered, lettered or otherwise distinguished in such manner or in accordance with such plan as the Officers executing the same may determine with the approval of the Trustee, as evidenced by the execution and authentication thereof.

Each Security shall be dated the date of its authentication. The Securities of each series shall bear interest, if any, from the date, and such interest shall be payable on the dates, established in or pursuant to Section 3.01.

SECTION 3.04 Temporary Securities. Pending the preparation of definitive Securities of any series, the Corporation may execute, and upon Corporation Order the Trustee shall authenticate and deliver, temporary Securities for such series which are printed, lithographed, typewritten or otherwise produced. Temporary Securities of any series shall be issuable as Registered Securities, or as Unregistered Securities with or without Coupons attached thereto, in any authorized denomination and substantially in the forms of the definitive Securities of such series, but with such omissions, insertions and variations as may be appropriate for temporary Securities, all as may be determined by the Corporation with the concurrence of the

Trustee, as evidenced by the execution and authentication thereof. Temporary Securities may contain such references to any provisions of this Indenture as may be appropriate. Every temporary Security of any series shall be executed by the Corporation and authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Securities of such series. Without unreasonable delay, the Corporation shall execute and deliver to the Trustee for authentication definitive Securities of such series; and thereupon temporary Registered Securities of such series may be surrendered in exchange for definitive Registered Securities of such series without charge at each office or agency to be maintained for such purpose in a Place of Payment of that series, and temporary Unregistered Securities of such series may be surrendered in exchange for definitive Unregistered Securities of such series, having attached thereto appropriate Coupons, if any, without charge at any office or agency to be maintained in a Place of Payment of that series. The Trustee shall authenticate and deliver in exchange for temporary Securities of such series so surrendered an equal aggregate principal amount of definitive Securities of such series in authorized denominations. Until so exchanged, the temporary Securities of any series shall be entitled to the same benefits under this Indenture as definitive Securities of such series, unless otherwise established pursuant to Section 3.01. The provisions of this Section are subject to any restrictions or limitations on the issue and delivery of temporary Unregistered Securities of any series that may be established pursuant to Section 3.01 (including any provision that Unregistered Securities of such series initially be issued in the form of a single global Unregistered Security to be delivered to a Depositary or agency located outside the United States of America and the procedures pursuant to which definitive Unregistered Securities of such series would be issued in exchange for such temporary global Unregistered Security).

SECTION 3.05 Registration, Transfer and Exchange. The Corporation shall keep, or cause to be kept, at the Corporate Trust Office, or at any office or agency to be maintained by the Corporation in a Place of Payment, for each series of Securities issuable as Registered Securities a register (the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration of Registered Securities of such series and the registration of transfer of Registered Securities of such series. The Security Register shall be in written form in the English language or in any other form capable of being converted into such form within a reasonable time. At all reasonable times, any Security Register not maintained by the Trustee shall be open for inspection by the Trustee or delivered to the Trustee upon its request. Unless and until otherwise determined by the Corporation pursuant to Section 3.01, the Security Register with respect to each series of Securities issuable as Registered Securities shall be kept at the Corporate Trust Office and, for this purpose, the Trustee shall be designated the "Security Registrar". The holder of any Registered Security shall be entitled to inspect the Security Register at any time during normal business hours of the Trustee at the Corporate Trust Office and to make extracts therefrom.

Upon surrender for registration of transfer of any Registered Security of any series at any office or agency to be maintained for such purpose in a Place of Payment for that series, the Corporation shall execute, and the Trustee, upon receipt of a Corporation Order, shall authenticate and deliver, in the name of the designated transferee or transferees one or more new Registered Securities of the same series of like tenor and terms in authorized denominations for a like aggregate principal amount.

Unregistered Securities (except for any temporary global Unregistered Securities) and Coupons (except for Coupons attached to any temporary global Unregistered Securities) shall be transferable by delivery.

At the option of the Holder thereof, Registered Securities of any series (other than a Registered Global Security, except as set forth below) may be exchanged for one or more Registered Securities of such series of like tenor and terms in authorized denominations for a like aggregate principal amount, upon surrender of any such Registered Security to be exchanged at the office or agency to be maintained for such purpose in a Place of Payment for that series and upon payment, if the Corporation shall so require, of the charges hereinafter provided. At the option of the Holder thereof, if the Securities of any series are issued in both registered and unregistered form, except as otherwise established for a particular series pursuant to Section 3.01, one or more Unregistered Securities of such series may be exchanged for Registered Securities of such series of like tenor and terms in authorized denominations for a like aggregate principal amount, upon surrender of any such Unregistered Security to be exchanged at the office or agency to be maintained for such purpose in a Place of Payment for that series, with, in the case of Unregistered Securities having Coupons attached, all unmatured Coupons and all matured Coupons in default thereto appertaining, and upon payment, if the Corporation shall so require, of the charges hereinafter provided. At the option of the Holder thereof, if Unregistered Securities of any series are issued in more than one authorized denomination, except as otherwise established for a particular series pursuant to Section 3.01, any such Unregistered Security may be exchanged for one or more Unregistered Securities of such series of like tenor and terms in authorized denominations for a like aggregate principal amount, upon surrender of any such Unregistered Securities at the office or agency to be maintained for such purpose in a Place of Payment for that series with, in the case of Unregistered Securities having Coupons attached, all unmatured Coupons and all matured Coupons in default thereto appertaining, and upon payment, if the Corporation shall so require, of the charges hereinafter provided. Unless otherwise established for a particular series pursuant to Section 3.01, Registered Securities of any series may not be exchanged for Unregistered Securities of such series. Whenever Securities of any series are so surrendered for exchange, the Corporation shall execute, and the Trustee shall authenticate and deliver, the Securities, in accordance with the Depositary's customary procedures and the provisions hereof, which the Holder making the exchange is entitled to receive. All Securities and Coupons surrendered upon any exchange or transfer provided for in this Indenture shall be promptly cancelled and the Trustee, upon written request of the Corporation, shall deliver a certificate of disposition thereof to the Corporation.

All Registered Securities of any series presented for registration of transfer, exchange, redemption or payment shall (if so required by the Corporation or the Trustee) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Corporation and the Trustee duly executed by, the Holder or other appropriate person.

The Corporation may require payment by the Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of Securities; but unless otherwise provided in the Securities to be exchanged or transferred, no service charge shall be made for any such transaction.

Neither the Corporation nor the Security Registrar shall be required to (i) issue, exchange or register the transfer of Securities of any series during a period beginning at the opening of 15 Business Days next preceding the first mailing or publication of notice of redemption of the Securities of such series to be redeemed, (ii) exchange or register the transfer of any Securities selected for redemption, in whole or in part, except the unredeemed portion of any Security to be redeemed in part or (iii) exchange or register the transfer of any Security if the Holder thereof has exercised any right to require the Corporation to purchase such Security, in whole or in part, except any portion thereof not required to be so purchased.

Notwithstanding any other provision of this Section, unless and until it is exchanged in whole or in part for Securities in definitive registered form, a Registered Global Security representing all or a portion of the Securities of any series may not be transferred except as a whole by the Depositary for such Registered Global Security to a nominee of such Depositary or by a nominee of such Depositary to such Depositary or nominee of such Depositary or by such Depositary or any such nominee to a successor Depositary for such Registered Global Security or a nominee of such successor Depositary.

If at any time a Depositary for any Registered Securities of a series represented by one or more Registered Global Securities shall notify the Corporation that it is unwilling or unable to continue as Depositary for such Registered Securities or if at any time any such Depositary shall no longer be eligible to continue as Depositary, the Corporation shall appoint a successor Depositary with respect to the Registered Securities held by such Depositary. If a successor Depositary shall not be appointed by the Corporation within 90 days after the Corporation receives such notice or becomes aware of such ineligibility, the Corporation shall execute, and the Trustee upon receipt of a Corporation Order shall authenticate and deliver, in exchange for such Registered Global Securities, Registered Securities of such series in definitive form in authorized denominations for an aggregate principal amount equal to the aggregate principal amount of the Registered Global Securities held by such Depositary.

If an Event of Default described in clause (a) or (b) of Section 5.01 shall occur and be continuing with respect to any series of the Securities, the Corporation shall execute and deliver to the Trustee, together with a Corporation Order, and the Trustee shall, upon receipt thereof, authenticate and deliver, in exchange for Registered Global Securities evidencing the Securities of such series, Registered Securities of such series in definitive form in authorized denominations for an aggregate principal amount equal to the aggregate principal amount of such Registered Global Securities.

The Corporation may at any time, in its sole discretion, determine that the Registered Securities of a particular series shall no longer be represented by Registered Global Securities. In such event, the Corporation shall execute, and the Trustee upon receipt of a Corporation Order, and any other applicable documents required to be delivered in accordance with the provisions of this Indenture, shall authenticate and deliver, in exchange for such Registered Global Securities, Registered Securities of such series in definitive form in authorized denominations for an aggregate principal amount equal to the aggregate principal amount of such Registered Global Securities.

If so established by the Corporation pursuant to Section 3.01 with respect to the Securities of a particular series represented by a Registered Global Security, the Depositary for such Registered Global Security may surrender such Registered Global Security in exchange, in whole or in part, for Registered Securities of such series in definitive form upon such terms as are acceptable to the Corporation and such Depositary. Thereupon, the Corporation shall execute, and the Trustee upon receipt of a Corporation Order shall authenticate and deliver:

(a) to each Person specified by such Depositary, one or more new Registered Securities of such series in authorized denominations requested by such Person for an aggregate principal amount equal to, and in exchange for, such Person's beneficial interest in such Registered Global Security; and

(b) to such Depositary, a new Registered Global Security in a denomination equal to the difference between the principal amount of the surrendered Registered Global Security and the aggregate principal amount of the Registered Securities authenticated and delivered pursuant to clause (a) above.

Upon the surrender for exchange of any Registered Global Security for Registered Securities in definitive form, such Registered Global Security shall be promptly cancelled and disposed of by the Trustee, and the Trustee, upon written request of the Corporation, shall deliver a certificate of disposition to the Corporation. Registered Securities in definitive form issued in exchange for a Registered Global Security pursuant to this Section shall be registered in such names and in such authorized denominations as the Depositary for such Registered Global Security, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee or an agent of the Corporation or the Trustee. The Trustee or such agent shall deliver such Registered Securities to or as directed by the Persons in whose names such Registered Securities are so registered.

All Securities issued upon any registration of transfer or exchange of Securities shall be valid obligations of the Corporation, evidencing the same indebtedness, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Notwithstanding anything herein or in the terms of the Securities of any series to the contrary, none of the Corporation, the Trustee or any agent of the Corporation or the Trustee (any of which, other than the Corporation, shall conclusively rely on an Officers' Certificate and an Opinion of Counsel) shall be required to exchange any Unregistered Security of any series for a Registered Security of such series if such exchange would result in adverse income tax consequences to the Corporation (such as, for example, the inability of the Corporation to deduct from its income the interest payable on the Unregistered Securities) under then applicable income tax laws.

SECTION 3.06 Mutilated, Defaced, Destroyed, Lost or Stolen Securities. In case any temporary or definitive Security or any Coupon appertaining thereto shall become mutilated or defaced or be destroyed, lost or stolen, the Corporation shall execute, and the Trustee upon receipt of a Corporation Order shall authenticate and deliver, a new Security of the same series of like tenor and terms, bearing a number or other distinguishing symbol not

contemporaneously outstanding, in lieu of and substitution for the mutilated, defaced, destroyed, lost or stolen Security, with Coupons corresponding to any Coupons appertaining to the Security so mutilated, defaced, destroyed, lost or stolen, or in lieu of or substitution for the Security to which such mutilated, defaced, destroyed, lost or stolen Coupon appertained, with Coupons corresponding to the Coupons so mutilated, defaced, destroyed, lost or stolen. In each case, the applicant for a substitute Security or Coupon shall furnish to the Corporation and to the Trustee and any agent of the Corporation or the Trustee such security or indemnity as may be required by them to save each of them harmless and, in each case of destruction, loss or theft, evidence to their satisfaction of the destruction, loss or theft of such Security or Coupon and of the ownership thereof and, in each case of mutilation or defacement, shall surrender the Security and related Coupons to the Trustee or such agent.

Upon the issuance of any substitute Security or Coupon under this Section, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee or its agent) connected therewith. In case any Security or Coupon which has matured or is about to mature or has been called for redemption in full shall become mutilated or defaced or be destroyed, lost or stolen, the Corporation may, instead of issuing a substitute Security, pay or authorize the payment of the same or the relevant Coupon (without surrender thereof except in the case of a mutilated or defaced Security or Coupon), if the applicant for such payment shall furnish to the Corporation and to the Trustee and any agent of the Corporation or the Trustee such security or indemnity as may be required by them to save each of them harmless, and, in each case of destruction, loss or theft, evidence to their satisfaction of the destruction, loss or theft of such Security or Coupon and of the ownership thereof.

Every substitute Security or Coupon of any series issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Security or Coupon shall constitute an additional contractual obligation of the Corporation, whether or not the mutilated, destroyed, lost or stolen Security or Coupon shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities or Coupons of such series duly authenticated and delivered hereunder. All Securities and Coupons shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, defaced, destroyed, lost or stolen Securities and Coupons and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

SECTION 3.07 Payment; Interest Rights Preserved. (a) Except as otherwise provided in accordance with Section 3.01 or 3.07(b) for the Registered Securities of a particular series, payments of the principal of (and premium, if any) and interest on any Registered Security (other than a Registered Global Security) will be made at the Corporate Trust Office except that, at the option of the Corporation, may be paid (i) by mailing checks for such interest payable to or upon the written order of such Holders at their last addresses as they appear on the Security Register, or (ii) by wire transfer to an account maintained by the Person entitled thereto as specified in the Security Register. Any payments under this Indenture for the benefit of Holders shall be received by the Trustee or Paying Agent no later than 12:00 p.m. (New York time) on the applicable payment or redemption date.

(b) Except as otherwise provided as contemplated by Section 3.01, interest on any Registered Security (other than a Registered Global Security) or on any Unregistered Security registered as to interest shall be paid to the Person in whose name such Security or whose entitlement to interest is registered at the close of business on the Regular Record Date for such interest.

(c) Interest on any Securities with Coupons attached (together with any additional related amounts payable pursuant to the terms of such Securities) shall be payable only upon presentation and surrender of the several Coupons for such interest installments as are evidenced thereby as they severally mature.

(d) If any temporary Unregistered Security provides that interest thereon may be paid while in temporary form, the interest on any such temporary Unregistered Security (together with any additional related amounts payable pursuant to the terms of such Security) shall be paid, as to the installments of interest evidenced by Coupons attached thereto, if any, only upon presentation and surrender thereof, and, as to the other installments of interest, if any, only upon presentation of such temporary Unregistered Security for notation thereon of the payment of such interest, in each case subject to any restrictions that may be established pursuant to Section 3.01.

(e) Any interest on any Registered Security which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date ("Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Corporation, at its election in each case, as provided in paragraph (i) or (ii) below:

(i) The Corporation may elect to make payment of any Defaulted Interest on Registered Securities and on Unregistered Securities registered as to interest to the Persons in whose names the Registered Securities or whose entitlements to interest are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Corporation shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each such Security and the date of the proposed payment, and at the same time the Corporation shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed

payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this paragraph provided. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Corporation of such Special Record Date and, in the name and at the expense of the Corporation, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, or delivered electronically, to each Holder of the Registered Securities or each Person so entitled to interest at his or her address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be Paid to the Persons in whose names the Registered Securities or whose entitlements to interest are registered at the close of business on such Special Record Date.

(ii) The Corporation may make payment of any Defaulted Interest on the Registered Securities of any series in any other lawful manner not inconsistent with the requirements of an securities exchange on which such Registered Securities may be listed, and upon such notice as may be required by such exchange, after notice given by the Corporation to the Trustee of the proposed payment pursuant to this paragraph.

SECTION 3.08 Persons Deemed Owners. The Corporation, the Trustee and any agent of the Corporation or the Trustee may treat the Person in whose name each Registered Security is registered in the Security Register as the owner of such Registered Security for the purpose of receiving payment of or on account of the principal of (and premium, if any) and (subject to Section 3.07) interest, if any, on such Registered Security and for all other purposes whatsoever (other than the payment of Additional Amounts), whether or not such payment in respect of such Registered Security shall be overdue, and none of the Corporation, the Trustee and any agent of the Corporation or the Trustee shall be affected by any notice to the contrary. The Corporation, the Trustee and any agent of the Corporation or the Trustee may treat the Holder of any Unregistered Security and the Holder of any Coupon as the owner of such Unregistered Security or Coupon for the purpose of receiving payment thereof or on account thereof and for all other purposes whatsoever, whether or not such payment in respect of such Unregistered Security or Coupon shall be overdue and none of the Corporation, the Trustee and any agent of the Corporation or the Trustee shall be affected by any notice to the contrary. All such payments so made to any such Person or Holder, or upon the order of any such Person or Holder, shall be valid and, to the extent of the amounts so paid, effectual to satisfy and discharge the indebtedness on any such Security or Coupon.

SECTION 3.09 Cancellation. All Securities and Coupons surrendered for payment, redemption, repayment at the option of the Holder, registration of transfer or exchange, or for credit against any payment in respect of any sinking or analogous fund, if surrendered to the Corporation or any agent of the Corporation or any agent of the Trustee, shall be delivered to the Trustee for cancellation or if surrendered to the Trustee, shall be cancelled by it; and no Securities or Coupons shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee shall dispose of cancelled Securities and Coupons, if

any, in accordance with its customary procedures. If the Corporation or its agent shall acquire any of the Securities or Coupons, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities or Coupons unless and until the same are delivered to the Trustee for cancellation. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be disposed of by the Trustee in accordance with its customary procedures and, upon written request of the Corporation, certification of their disposal delivered to the Corporation unless by Corporation Order the Corporation shall direct that cancelled Securities be returned to it.

SECTION 3.10 Computation of Interest. Except as otherwise established pursuant to Section 3.01 for the Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 3.11 Currency and Manner of Payments in Respect of Securities. (a) With respect to Registered Securities of any series not permitting the election provided for in paragraph (b) below or the Holders of which have not made the election provided for in paragraph (b) below, and with respect to Unregistered Securities of any series, except as provided in paragraph (d) below, payment of the principal of (and premium, if any) and interest, if any, on any Registered or Unregistered Security of such series will be made in the Currency in which such Registered Security or Unregistered Security, as the case may be, is payable. The provisions of this Section 3.11 may be modified or superseded with respect to any Securities pursuant to Section 3.01.

(b) It may be provided pursuant to Section 3.01 with respect to Registered Securities of any series that Holders shall have the option, subject to paragraphs (d) and (e) below, to receive payments of principal of (or premium, if any) or interest, if any, on such Registered Securities in any of the Currencies which may be designated for such election by delivering to the Trustee a written election with signature guarantees and in the applicable form established pursuant to Section 3.01, not later than the close of business on the Election Date immediately preceding the applicable payment date. If a Holder so elects to receive such payments in any such Currency, such election will remain in effect for such Holder or any transferee of such Holder until changed by such Holder or such transferee by written notice to the Trustee (but any such change must be made not later than the close of business on the Election Date immediately preceding the next payment date to be effective for the payment to be made on such payment date and no such change of election may be made with respect to payments to be made on any Registered Security of such series with respect to which an Event of Default has occurred or with respect to which the Corporation has deposited funds pursuant to Article Four or Twelve or with respect to which a notice of redemption has been given by the Corporation or a notice of option to elect repayment has been sent by such Holder or such transferee). Any Holder of any such Registered Security who shall not have delivered any such election to the Trustee not later than the close of business on the applicable Election Date will be paid the amount due on the applicable payment date in the relevant Currency as provided in Section 0. The Trustee shall notify the Exchange Rate Agent as soon as practicable after the Election Date of the aggregate principal amount of Registered Securities for which Holders have made such written election.

(c) Unless otherwise specified pursuant to Section 3.01, if the election referred to in paragraph (b) above has been provided for pursuant to Section 3.01, then, unless otherwise specified pursuant to Section 3.01, not later than the fourth Business Day after the Election Date for each payment date for Registered Securities of any series, the Exchange Rate Agent will deliver to the Corporation a written notice specifying, in the Currency in which Registered Securities of such series are payable, the respective aggregate amounts of principal of (and premium, if any) and interest, if any, on the Registered Securities to be paid on such payment date, specifying the amounts in such Currency so payable in respect of the Registered Securities as to which the Holders of Registered Securities of such series shall have elected to be paid in another Currency as provided in paragraph (b) above. If the election referred to in paragraph (b) above has been provided for pursuant to Section 3.01 and if at least one Holder has made such election, then, unless otherwise specified pursuant to Section 3.01, on the second Business Day preceding such payment date the Corporation will deliver to the Trustee for such series of Registered Securities an Exchange Rate Officer's Certificate in respect of the Dollar or Foreign Currency payments to be made on such payment date. Unless otherwise specified pursuant to Section 3.01, the Dollar or Foreign Currency amount receivable by Holders of Registered Securities who have elected payment in a Currency as provided in paragraph (b) above shall be determined by the Corporation on the basis of the applicable Market Exchange Rate in effect on the third Business Day (the "Valuation Date") immediately preceding each payment date, and such determination shall be conclusive and binding for all purposes, absent manifest error.

(d) If a Conversion Event occurs with respect to a Foreign Currency in which any of the Securities are denominated or payable other than pursuant to an election provided for pursuant to paragraph (b) above, then with respect to each date for the payment of principal of (and premium, if any) and interest, if any, on the applicable Securities denominated or payable in such Foreign Currency occurring after the last date on which such Foreign Currency was used (the "Conversion Date"), the Dollar shall be the Currency of payment for use on each such payment date. Unless otherwise specified pursuant to Section 3.01, the Dollar amount to be paid by the Corporation to the Trustee and by the Trustee or any Paying Agent to the Holders of such Securities with respect to such payment date shall be, in the case of a Foreign Currency other than a currency unit, the Dollar Equivalent of the Foreign Currency or, in the case of a currency unit, the Dollar Equivalent of the Currency Unit, in each case as determined by the Exchange Rate Agent in the manner provided in paragraph (f) or (g) below.

(e) Unless otherwise specified pursuant to Section 3.01, if the Holder of a Registered Security denominated in any Currency shall have elected to be paid in another Currency as provided in paragraph (b) above, and a Conversion Event occurs with respect to such elected Currency, such Holder shall receive payment in the Currency in which payment would have been made in the absence of such election; and if a Conversion Event occurs with respect to the Currency in which payment would have been made in the absence of such election, such Holder shall receive payment in Dollars as provided in paragraph (d) above.

(f) The "Dollar Equivalent of the Foreign Currency" shall be determined by the Exchange Rate Agent and shall be obtained for each subsequent payment date by converting the specified Foreign Currency into Dollars at the Market Exchange Rate on the Conversion Date.

(g) The "Dollar Equivalent of the Currency Unit" shall be determined by the Exchange Rate Agent and subject to the provisions of paragraph (h) below shall be the sum of each amount obtained by converting the Specified Amount of each Component Currency into Dollars at the Market Exchange Rate for such Component Currency on the Valuation Date with respect to each payment.

(h) For purposes of this Section 3.11 the following terms shall have the following meanings:

A "Component Currency" shall mean any Currency which, on the Conversion Date, was a component currency of the relevant currency unit, including, but not limited to, the Euro.

A "Specified Amount" of a Component Currency shall mean the number of units of such Component Currency or fractions thereof which were represented in the relevant currency unit, including, but not limited to, the Euro, on the Conversion Date. If after the Conversion Date the official unit of any Component Currency is altered by way of combination or subdivision, the Specified Amount of such Component Currency shall be divided or multiplied in the same proportion. If after the Conversion Date two or more Component Currencies are consolidated into a single currency, the respective Specified Amounts of such Component Currencies shall be replaced by an amount in such single Currency equal to the sum of the respective Specified Amounts of such consolidated Component Currencies expressed in such single Currency, and such amount shall thereafter be a Specified Amount and such single Currency shall thereafter be a Component Currency. If after the Conversion Date any Component Currency shall be divided into two or more currencies, the Specified Amount of such Component Currency shall be replaced by amounts of such two or more currencies, having an aggregate Dollar Equivalent value at the Market Exchange Rate on the date of such replacement equal to the Dollar Equivalent value of the Specified Amount of such former Component Currency at the Market Exchange Rate immediately before such division and such amounts shall thereafter be Specified Amounts and such currencies shall thereafter be Component Currencies. If, after the Conversion Date of the relevant currency unit, including, but not limited to, the Euro, a Conversion Event (other than any event referred to above in this definition of "Specified Amount") occurs with respect to any Component Currency of such currency unit and is continuing on the applicable Valuation Date, the Specified Amount of such Component Currency shall, for purposes of calculating the Dollar Equivalent of the Currency Unit, be converted into Dollars at the Market Exchange Rate in effect on the Conversion Date of such Component Currency.

"Election Date" shall mean the date for any series of Registered Securities as specified pursuant to clause (12) of Section 3.01 by which the written election referred to in paragraph (b) above may be made.

All decisions and determinations of the Exchange Rate Agent regarding the Dollar Equivalent of the Foreign Currency, the Dollar Equivalent of the Currency Unit, the Market Exchange Rate and changes in the Specified Amounts as specified above shall be in its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and

irrevocably binding upon the Corporation, the Trustee and all Holders of such Securities denominated or payable in the relevant Currency. The Exchange Rate Agent shall promptly give written notice to the Corporation and the Trustee of any such decision or determination.

In the event that the Corporation determines in good faith that a Conversion Event has occurred with respect to a Foreign Currency, the Corporation will immediately give written notice thereof to the Trustee and to the Exchange Rate Agent (and the Trustee will promptly thereafter give notice in the manner provided for in Section 1.07 to the affected Holders) specifying the Conversion Date. In the event the Corporation so determines that a Conversion Event has occurred with respect to the Euro or any other currency unit in which Securities are denominated or payable, the Corporation will immediately give written notice thereof to the Trustee and to the Exchange Rate Agent (and the Trustee will promptly thereafter give notice in the manner provided for in Section 1.07 to the affected Holders) specifying the Conversion Date and the Specified Amount of each Component Currency on the Conversion Date. In the event the Corporation determines in good faith that any subsequent change in any Component Currency as set forth in the definition of Specified Amount above has occurred, the Corporation will similarly give written notice to the Trustee and the Exchange Rate Agent.

The Trustee shall be fully justified and protected in conclusively relying and acting upon information received by it from the Corporation and the Exchange Rate Agent and shall not otherwise have any duty or obligation to determine the accuracy or validity of such information independent of the Corporation or the Exchange Rate Agent.

SECTION 3.12 Appointment and Resignation of Successor Exchange Rate Agent. (a) Unless otherwise specified pursuant to Section 3.01, if and so long as the Securities of any series (i) are denominated in a Currency other than Dollars or (ii) may be payable in a Currency other than Dollars, or so long as it is required under any other provision of this Indenture, then the Corporation will maintain with respect to each such series of Securities, or as so required, at least one Exchange Rate Agent. The Corporation will cause the Exchange Rate Agent to make the necessary foreign exchange determinations at the time and in the manner specified pursuant to Section 3.01 for the purpose of determining the applicable rate of exchange and, if applicable, for the purpose of converting the issued Currency into the applicable payment Currency for the payment of principal (and premium, if any) and interest, if any, pursuant to Section 3.11.

(b) No resignation of the Exchange Rate Agent and no appointment of a successor Exchange Rate Agent pursuant to this Section shall become effective until the acceptance of appointment by the successor Exchange Rate Agent as evidenced by a written instrument delivered to the Corporation and the Trustee.

(c) If the Exchange Rate Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Exchange Rate Agent for any cause with respect to the Securities of one or more series, the Corporation, by or pursuant to a Directors' Resolution, shall promptly appoint a successor Exchange Rate Agent or Exchange Rate Agents with respect to the Securities of that or those series (it being understood that any such successor Exchange Rate Agent may be appointed with respect to the Securities of one or more or all of such series and that, unless otherwise specified pursuant to Section 3.01, at any time there shall

only be one Exchange Rate Agent with respect to the Securities of any particular series that are originally issued by the Corporation on the same date and that are initially denominated and/or payable in the same Currency).

ARTICLE IV

SATISFACTION AND DISCHARGE

SECTION 4.01 Satisfaction and Discharge of Indenture. This Indenture shall cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for) and the Trustee, upon Corporation Request and at the expense of the Corporation, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when:

(1) either

(i) all Securities and Coupons theretofore authenticated and delivered (other than (A) Securities and Coupons which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 3.06 and (B) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Corporation and thereafter repaid to the Corporation or discharged from such trust, as provided in Section 9.05) have been delivered to the Trustee for cancellation; or

(ii) all such Securities and Coupons not theretofore delivered to the Trustee for cancellation

(A) have become due and payable, or

(B) will become due and payable at their Stated Maturity within one year, or

(C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Corporation,

and the Corporation, in the case of clause (A), (B) or (C) of this clause (1)(ii), has, in accordance with the conditions set forth in Section 12.04(1), made or caused to be made deposits in trust for the purpose in an amount which shall be sufficient to pay and discharge the entire indebtedness on such Securities and Coupons not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest to the date of such deposit (in the case of Securities and Coupons which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Corporation has paid or caused to be paid all other sums payable hereunder by the Corporation; and

(3) the Corporation has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Corporation to the Trustee under Sections 6.03(vii) and 6.03(viii), the obligations of the Corporation to any Authenticating Agent under Section 6.13 and, if deposits shall have been made pursuant to clause (1)(ii) of the first paragraph of this Section, the obligations of the Trustee under Sections 4.02 and 12.05 and the last paragraph of Section 9.05 shall survive such satisfaction and discharge.

SECTION 4.02 Application of Trust Money. Subject to the provisions of the last paragraph of Section 9.05, all money deposited with the Trustee shall be held in trust and applied by it, in accordance with the provisions of the Securities, the Coupons and this Indenture, to the payment, either directly or through any Paying Agent (including the Corporation acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee.

ARTICLE V

REMEDIES

SECTION 5.01 Event of Default. "Event of Default", wherever used herein with respect to the Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default by the Corporation in the payment of all or any part of the principal of any of the Securities of such series when the same becomes due under any provision hereof or of such Securities;

(2) default by the Corporation in the payment of any interest upon any of the Securities of such series when and as the same shall become due and payable, and continuance of such default for a period of 30 days;

(3) default by the Corporation in the observance or performance of any other covenant or condition contained in the Securities of such series or in this Indenture to be observed or performed on the part of the Corporation and continuance of such default for a period of 60 days after notice in writing has been given by the Trustee to the Corporation, or if given by Holders, to the Corporation and the Trustee, specifying such default and requiring the Corporation to put an end to the same, which notice the Trustee may give on its own initiative and shall give when requested to do so by the Holders of not less than 25% in aggregate principal amount of the Securities of all series then Outstanding affected thereby;

(4) default by the Corporation or any Subsidiary in the payment of the principal of, premium, if any, or interest on any indebtedness for borrowed money having an outstanding principal amount in excess of the greater of $150 million and 2% of the Shareholders' Equity of the Corporation in the aggregate at the time of default or default in the performance of any other covenant of the Corporation or any Subsidiary contained in any instrument under which such indebtedness is created or issued and the holders thereof, or a trustee, if any, for such holders, declare such indebtedness to be due and payable prior to the stated maturities of such indebtedness ("accelerated indebtedness"), and such acceleration shall not be rescinded or annulled, or such default under such instrument shall not be remedied or cured, whether by payment or otherwise, or waived by the holders of such indebtedness, provided that if (a) such accelerated indebtedness is the result of an event of default which is not related to the failure to pay principal or interest on the terms, at the times and on the conditions set forth in such instrument, it will not be considered an Event of Default under this Section 5.01(4) until 30 days after such acceleration, or (b) if such accelerated indebtedness shall occur as a result of such failure to pay principal or interest or as a result of an event of default which is related to the failure to pay principal or interest on the terms, at the times, and on the conditions set out in any such indenture or instrument, then (i) if such accelerated indebtedness is, by its terms, non recourse to the Company or the Railroad Subsidiaries, it shall not be considered an Event of Default for purposes of this Indenture; or (ii) if such accelerated indebtedness is recourse to the Company or the Railroad Subsidiaries, any requirement in connection with such failure to pay or event of default for the giving of notice or the lapse of time or the happening of any further condition, event or act under such other indenture or instrument in connection with such failure to pay principal or an event of default shall be applicable together with an additional seven days before being considered an Event of Default for purposes of this Indenture;

(5) the entry of a decree or order by a court having jurisdiction in the premises adjudging the Corporation a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Corporation under or subject to the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, the issuance of a sequestration order or the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Corporation or in receipt of any substantial part of the property of the Corporation or the ordering of the winding up, liquidation or dissolution of the Corporation, and any such decree, order or appointment continues unstayed and in effect for a period of 90 consecutive days; or the making by the Corporation or any Significant Subsidiary of a general assignment for the benefit of its creditors or other acknowledgment by the Corporation or any Significant Subsidiary of its insolvency, or the making of a bankruptcy receiving order against the Corporation or any Significant Subsidiary if the Corporation or any Significant Subsidiary fails to file an appeal therefrom within the applicable appeal period or, if the Corporation or any such Significant Subsidiary does file an appeal therefrom within such period, such order is not within a period of 60 days from the date thereof, and does not remain, vacated, discharged or stayed, or the making by the Corporation or any Significant Subsidiary of an authorized assignment or a proposal to its creditors, or the seeking of relief, under any bankruptcy or insolvency or

analogous law (including, without limitation, the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors Arrangement Act* (Canada) or the *Winding-up and Restructuring Act* (Canada)), or the consenting to, or acquiescence by the Corporation or any Significant Subsidiary in, the appointment of a trustee, custodian, receiver or receiver and manager or any other officer with similar powers of the Corporation or any such Significant Subsidiary or of all of the assets of the Corporation or any such Significant Subsidiary or any part thereof the loss of which could reasonably be expected to materially and adversely affect the ability of the Corporation to perform its obligations under this Indenture; or

(6) any other Event of Default provided in or pursuant to the supplemental indenture, Directors' Resolution or Officers' Certificate establishing the terms of such series of Securities as provided in Section 3.01 or in the form or forms of Security for such series.

SECTION 5.02 Acceleration of Maturity. If an Event of Default described in clause (1) or (2) of Section 5.01 shall have occurred and be continuing with respect to the Securities of any series, then, and in each and every such case, unless the principal of all of the Securities of such series shall have already become due and payable, the Trustee shall upon request in writing made by the Holders of not less than 25% in aggregate principal amount of the Securities of such series then Outstanding, by notice in writing to the Corporation, declare the entire principal (or, if any of the Securities of that series are Original Issue Discount Securities, the specified portion of the principal) of (and premium, if any, on) all the Securities of such series then Outstanding and the interest accrued thereon and all other money owing under the provisions of the Indenture in respect of such Securities to be due and payable to the Trustee on demand and upon any such demand the same shall forthwith become immediately due and payable to the Trustee. If an Event of Default described in clause (3) or (6) of Section 5.01 shall have occurred and be continuing with respect to the Securities of one or more series, then, and in each and every such case, unless the principal of all of the Securities of such affected series shall have already become due and payable, the Trustee shall upon request in writing made by the Holders of not less than 25% in aggregate principal amount of the Securities of all such affected series then Outstanding (voting as one class), by notice in writing to the Corporation, declare the entire principal (or, if any of the Securities of that series are Original Issue Discount Securities, the specified portion of the principal) of (and premium, if any, on) all the Securities of all such affected series then Outstanding and the interest accrued thereon and all other money owing under the provisions of the Indenture in respect of such Securities to be due and payable to the Trustee on demand, and upon any such demand the same shall forthwith become immediately due and payable. If an Event of Default described in clause (4) or (5) of Section 5.01 shall have occurred and be continuing, then, and in each and every such case, unless the principal of all Securities shall have already become due and payable, the Trustee shall upon request in writing made by the Holders of not less than 25% in aggregate principal amount of all the Securities then Outstanding (voting as one class), by notice in writing to the Corporation, declare the entire principal (or, if any of the Securities of that series are Original Issue Discount Securities, the specified portion of the principal) of (and premium, if any, on) all the Securities then Outstanding and the interest accrued thereon and all other money owing under the provisions of the Indenture in respect of such Securities to be due and payable to the Trustee on demand, and upon any such demand the same shall forthwith become immediately due and payable.

The Corporation shall, upon demand of the Trustee, forthwith pay to the Trustee, for the benefit of the Holders of the Securities of such series, the whole amount then due and payable on such Securities, including all Coupons appertaining thereto, for the principal (or, if any of the Securities of that series are Original Issue Discount Securities, the specified portion of the principal) of (and premium, if any) and interest accrued to the date of such payment on all such Securities of such series and all other money owing under the provisions of the Indenture in respect of such Securities, together with interest from the date of such demand to the date of such payment upon overdue principal and premium and, to the extent that payment of such interest shall be enforceable under applicable law, on overdue installments of interest and on such other money at the same rate as the rate of interest (or Yield to Maturity, in the case of Original Issue Discount Securities) specified in the Securities of such series; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and Counsel, except as a result of negligence or bad faith.

Until such demand shall be made by the Trustee, the Corporation shall pay the principal of (and premium, if any) and interest on the Securities of such series to the Holders in accordance with the terms hereof and thereof, whether or not payment of any amount in respect of such Securities of such series shall be overdue.

If an Event of Default shall have occurred and be continuing the Trustee shall, within 30 days after it becomes aware of the occurrence of such Event of Default, give notice of such Event of Default to the Holders of the Securities of all series then Outstanding affected thereby in the manner provided in Section 1.07, provided that, notwithstanding the foregoing, except in the case of Events of Default described in clauses (1) and (2) of Section 5.01, the Trustee shall not be required to give such notice if the Trustee in good faith shall have decided that the withholding of such notice is in the best interests of the Holders of the Securities of all series then Outstanding affected thereby and shall have so advised the Corporation in writing. Where a notice of the occurrence of an Event of Default has been given to the Holders of such Securities pursuant to the preceding sentence and the Event of Default is thereafter cured, the Trustee shall give notice that the Event of Default is no longer continuing to the Holders of such Securities within 30 days after it becomes aware that the Event of Default has been cured.

SECTION 5.03 Waiver of Acceleration Upon Default. In the event of the acceleration of maturity with respect to Securities of any series as provided in Section 5.02 hereof, and prior to such time as a judgment or decree for payment of the money due has been obtained by the Trustee as herein below in this Article provided, the Holders of not less than a majority in aggregate principal amount of the Securities of such affected series then Outstanding (voting as one class, except in the case of Events of Default described in clauses (1) and (2) of Section 5.01, in which case each series of Securities as to which such an Event of Default shall have occurred shall vote as a separate class) shall have the power exercisable by the Act of such Holders to direct the Trustee to cancel the declaration made by the Trustee and the Trustee shall thereupon cancel the declaration if, subject to Section 5.07 hereunder:

(1) the Corporation has paid or deposited with the Trustee a sum sufficient to pay

(i) all overdue interest on all Securities of that series, if any,

(ii) the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and any interest thereon, if any, at the rate or rates prescribed therefor in such Securities,

(iii) to the extent that payment of such interest is lawful, interest upon overdue interest, if any, at the rate or rates specified therefor in such Securities,

(iv) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, except as a result of negligence or willful misconduct, if any, and

(v) any other amounts payable under this Indenture at such time otherwise than by reason of such declaration of acceleration;

and

(2) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which has become due solely by such declaration of acceleration, have been cured or waived;

provided that no such waiver or cancellation shall extend to or shall affect any subsequent default or breach or shall impair any right consequent thereon.

SECTION 5.04 Enforcement of Payment of Trustee. Subject to the provisions of Sections 5.01 and 5.03, in case the Corporation shall fail to pay to the Trustee or the Holders of the Securities of any series then Outstanding the principal of (or, premium, if any) or interest accrued on all the Securities of such series and other money owing hereunder, the Trustee shall upon the request in writing of the Holders of not less than 25% in principal amount of the Securities of such series and upon being indemnified to its satisfaction against all costs, expenses and liabilities to be incurred, in its own name and as trustee of an express trust, institute judicial proceedings for the collection of the amounts so due and unpaid, prosecute such proceedings to judgment or final decree and enforce the same against the Corporation or any other obligor upon such Securities of such series and collect the money adjudged or decreed to be payable in the manner provided by law out of the property of the Corporation or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to the Securities of any series shall occur and be continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of the Securities of such series by such appropriate judicial proceedings as the Trustee shall deem necessary to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 5.05 Trustee May File Proofs of Claim. Subject to the provisions of Article Seven, in case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other similar judicial proceeding relative to the Corporation or the assets of the Corporation, the Trustee (irrespective of whether the principal of the Securities of any series shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Corporation for the payment of overdue principal, premium or interest) shall be entitled and empowered, either in its own name or as trustee of an express trust, or as attorney-in-fact for the respective Holders of the Securities of any series, or in any one or more of such capacities, by intervention in such proceeding or otherwise:

(i) to file and prove a claim, debt, petition or other document for the whole amount of the principal (and premium, if any) and interest (or if the Securities of any series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of such series) owing and unpaid in respect of the Securities of each series, and to execute and file such other papers or documents and do and perform all such things as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, except as a result of negligence or willful misconduct) and of the Holders allowed in such judicial proceeding, and

(ii) to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, except as a result of the Trustee's negligence or willful misconduct, and any other amounts due the Trustee under clause (3) of Sections 9.01 and 6.03(vii).

The Trustee is hereby irrevocably appointed (and the successive respective Holders of the Securities of each series by taking and holding the same shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective Holders of such Securities with authority to do and perform any and all such acts contemplated by clauses (i) and (ii) of this Section for and on behalf of such Holders as may be necessary or advisable in the opinion of the Trustee. Subject to the provisions of Article Seven, nothing herein contained shall be deemed to authorize the Trustee, unless so authorized by Act of the Holders, to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities of any series or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding; provided, however, that the Trustee may, on behalf of the Holders, vote for the election of a trustee in bankruptcy or similar official and be a member of a creditors' or other similar committee.

SECTION 5.06 Trustee May Enforce Claims without Possession of Securities. All rights of action and claims under this Indenture, or under the Securities of any series or any Coupons appertaining thereto, may be prosecuted and enforced by the Trustee without the possession of any of the Securities of such series or such Coupons or the production thereof in any suit or proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, except as a result of the Trustee's negligence or willful misconduct, be for the ratable benefit of the Holders of the Securities and Coupons in respect of which such judgment has been recovered subject to the provisions of this Indenture.

In any suit or proceeding brought by the Trustee (and also in any suit or proceeding involving the interpretation or construction of any provision of this Indenture to which the Trustee shall be a party), the Trustee shall be held to represent all the Holders of the Securities and Coupons appertaining thereto in respect to which action was taken, and it shall not be necessary to make any Holders of such Securities or Coupons parties to any such proceedings.

SECTION 5.07 Application of Money Collected. Any money collected or received by the Trustee pursuant to this Article in respect of the Securities of any series shall be applied in the following order, at the date or dates fixed by the Trustee and, in the case of any distribution of such money on account of the principal of (or premium, if any) or interest on the Securities of such series, upon presentation of the several Securities and Coupons appertaining thereto in respect of which money has been collected and the notation thereon of such distribution if such principal, premium and interest be only partially paid or upon surrender thereof if fully paid:

(1) firstly, to pay or reimburse to the Trustee (acting in any capacity hereunder) for all amounts due the Trustee under Sections 6.03(vii) and 6.03(viii);

(2) secondly, to pay or reimburse the Holders of the Securities of such series the costs, charges, expenses, advances and compensation to the Trustee in or about the execution of its trust, or otherwise in relation hereto, with interest thereon as herein provided;

(3) thirdly, in or towards payment of interest on any overdue interest on such Securities of such series and thereafter in or towards payment of the accrued and unpaid interest on such Securities of such series and interest on any other money owing under the provisions of this Indenture and thereafter in or towards payment of the principal (and premium, if any) of such Securities of such series (or if the Holders of a majority in aggregate principal amount of the Securities of such affected series then Outstanding (voting as one class) shall have directed payments to be made in accordance with any other order of priority, or without priority as between principal (and premium, if any) and interest, then such money shall be applied in accordance with such direction); provided that no payment shall be made in respect of any interest the time of payment of which has been extended contrary to the provisions of Section 9.01(2) hereof, until the prior payment in full of all other money payable hereunder; and

(4) fourthly, the surplus, if any, of such money shall be paid to the Corporation.

SECTION 5.08 Limitation on Suits. No Holder of any Security of any series or of any Coupon shall have any right to institute any action, suit or proceeding, judicial or otherwise, with respect to this Indenture, for payment of any principal, premium, if any, or interest owing on any Security or Coupon, or for the execution of any trust or power hereunder or for the appointment of a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official, or to have the Corporation wound up, or for any other remedy hereunder, unless:

(1) such Holder shall have previously given written notice to the Trustee of the occurrence of a continuing Event of Default hereunder with respect to the Securities of such series;

(2) the Holders of not less than 25% in aggregate principal amount of the Outstanding Securities of that series in the case of an Event of Default described in clause (1), (2), (3), (4) or (6) of Section 5.01, or in the case of an Event of Default described in clause (5) of Section 5.01, the Holders of not less than 25% in principal amount of all such affected series then Outstanding (voting as one class) shall have made written request to the Trustee to institute such proceeding in its own name as Trustee hereunder;

(3) such Holder or Holders shall have offered to the Trustee, when so requested by the Trustee, indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute such action, suit or proceeding; and

(5) no direction inconsistent with such written request shall have been given to the Trustee during such 60 day period by the Holders of not less than a majority in aggregate principal amount of the Outstanding Securities of that series in the case of any Event of Default described in clause (1)5.01(1), (2), (3), (4) or (6) of Section 5.01 or, in the case of any Event of Default described in clause (5) of Section 5.01 by the Holders of a majority or more of all such affected series then Outstanding (voting as one class);

it being understood and intended that no one or more of Holders of Securities of any series or Coupons appertaining thereto shall have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder of the Securities or the Coupons, or to obtain or to seek to obtain preference or priority over any other such Holder or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Holders of Securities of the affected series and Coupons appertaining thereto.

SECTION 5.09 Unconditional Right of Holders to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture or any provision of any Security of any series, the Holder of a Security of any series or Coupon appertaining thereto shall have the right, which is absolute and unconditional, to receive payment of the principal of

(and premium, if any) and (subject to Section 3.07) interest on such Security or Coupon on the Stated Maturity or Stated Maturities expressed in such Security or Coupon or, in the case of redemption, on the Redemption Date and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 5.10 Restoration of Rights and Remedies. In case the Trustee or any Holder shall have proceeded to enforce any right or remedy under this Indenture and such proceeding shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or to such Holder, then, and in every such case, the Corporation, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder; and all rights, remedies and powers of the Corporation, the Trustee and the Holders shall continue as though no such proceeding had been taken.

SECTION 5.11 Rights and Remedies Cumulative. Except as otherwise provided with respect to the replacement or payment of mutilated, defaced, destroyed, lost or stolen Securities and Coupons in the last sentence of Section 3.06, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.12 Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of Securities or Coupons to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case maybe, except as otherwise expressly provided in this Indenture.

SECTION 5.13 Control by Holders. The Holders of not less than a majority in aggregate principal amount of the Securities of all affected series at the time Outstanding (determined as provided in Section 5.02 and voting as one class) shall have the right exercisable by Act of such Holders to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Securities of such affected series, provided that:

(1) such direction shall not be in conflict with any rule of law or with this Indenture;

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

(3) the Trustee shall have the right to decide to follow such direction if the Trustee in good faith shall, by a Responsible Officer, determine that such direction be

prejudicial to the Holders not joining in such direction or would involve the Trustee in personal liability.

SECTION 5.14 Waiver of Past Defaults. The Holders of a majority in aggregate principal amount of the Securities of all series at the time Outstanding with respect to which a default or breach or an Event of Default shall have occurred and be continuing (determined as provided in Section 5.02 and voting as one class) shall have the right exercisable by Act of such Holders to waive any past default or breach or Event of Default and its consequences, except a default

(1) in the payment of the principal of or any premium or interest on any Security of any such series, or

(2) in respect of a covenant or provision hereof which under Article Eight cannot be modified or amended without the consent of all Holders of all Outstanding Securities of any such series affected.

Upon any such waiver, such default or breach shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture, but no such waiver shall extend to any subsequent or other default or breach or Event of Default or impair any right consequent thereon.

SECTION 5.15 Undertaking for Costs. All parties to this Indenture agree, and each Holder of any Security or Coupon by acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and documented out-of-pocket expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. Neither the Indenture nor the Trust Indenture Act shall be deemed to authorize any court to require such an undertaking or make such assessment in any suit instituted by the Trustee.

SECTION 5.16 Waiver of Usury, Stay or Extension Laws. The Corporation covenants (to the fullest extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Corporation (to the fullest extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE VI

THE TRUSTEE

SECTION 6.01 Certain Duties and Responsibilities. (a) Except during the continuance of an Event of Default,

(i) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(ii) In the absence of bad faith on its part, the Trustee, in the exercise of its rights and duties hereunder, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to and comply with the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(b) In case an event of default with respect to any series of Securities has occurred and is continuing, the Trustee shall exercise with respect to the Securities of such series such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from the duties imposed on it in Sections 6.01(a) and (b) or from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this Subsection shall not be construed to limit the effect of Section 6.01;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with an appropriate written direction of the Holders pursuant to Section 5.13 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any personal financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall

have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 6.02 Certain Rights of Trustee. Subject to the provisions of Section 6.01 and Sections 315(a) through 315(d) of the Trust Indenture Act:

(a) the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, Officers' Certificate or other certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, Coupon, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any order, request or direction of the Corporation mentioned herein shall be sufficiently evidenced by a Corporation Request or Corporation Order and any resolution of the Directors shall be sufficiently evidenced by a Directors' Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate, including (i) as to any statements of fact, as evidence of the truth of such statements, and (ii) to the effect that any particular dealing or transaction or step or thing is, in the opinion of the Officers so certifying, expedient, as evidence that it is expedient; provided that the Trustee may in its sole discretion require from the Corporation or otherwise further evidence or information before acting or relying on such certificate;

(d) the Trustee may employ or retain such agents, counsel and other experts or assistants as it may reasonably require for the proper discharge of its duties hereunder and shall not be responsible for any misconduct or negligence on the part of any such persons who have been selected with due care by the Trustee;

(e) the Trustee may, in relation to this Indenture, act on the opinion or advice of or on information obtained from any Counsel, notary, valuer, surveyor, engineer, broker, auctioneer, accountant or other expert, whether obtained by the Trustee or by the Corporation or otherwise;

(f)) the Trustee may consult with counsel of its selection and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(g) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered and furnished to the Trustee funds for the

purpose and indemnity satisfactory to the Trustee, acting reasonably, against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(h) the Trustee may, before commencing (or at any time during the continuance of) any act, action or proceeding, require the Holders at whose instance it is acting to deposit with the Trustee the Securities held by them, for which Securities the Trustee shall issue receipts to the Holders;

(i) prior to the occurrence of an Event of Default with respect to the Securities of any series and after the curing or waiving of all such Events of Default which may have occurred, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, Coupon, other evidence of indebtedness or other paper or document, or any investigation of the books and records of the Corporation (but the Trustee may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled on reasonable notice to examine the books, records and premises of the Corporation, personally or by agent or attorney), unless requested to do so by the Act of the Holders of a majority in aggregate principal amount of the Securities of such affected series then Outstanding; provided, however, that the Trustee may require indemnity satisfactory to the Trustee, acting reasonably, against the costs, expenses or liabilities likely to be incurred by it in the making of such investigation; and

(j) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(k) the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(l) the Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a Default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture;

(m) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder;

(n) the Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any

person authorized to sigh an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded; and

(o) in no event shall the Trustee be responsible or liable for special, punitive, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), regardless of whether the Trustee was advised of the likelihood of such loss or damages and regardless of the form of action.

SECTION 6.03 Protection of Trustee. By way of supplement to the provisions of any law for the time being relating to trustees, it is expressly declared and agreed as follows:

(i) the recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Corporation, and neither the Trustee nor any Authenticating Agent shall be liable for or assume any responsibility for their correctness;

(ii) the Trustee makes no representations as to, and shall not be liable for, the validity or sufficiency of this Indenture or of the Securities or Coupons;

(iii) neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Corporation of any of the Securities or Coupons or of the proceeds thereof;

(iv) nothing herein contained shall impose any obligation on the Trustee to see or to require evidence of registration or filing (or renewals thereof) of this Indenture or any instrument ancillary or supplemental hereto;

(v) the Trustee shall not be bound to give any notice of the execution hereof;

(vi) the Trustee shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of the covenants herein contained or of any act of the agents or servants of the Corporation;

(vii) the Corporation shall indemnify the Trustee, its directors, officers and employees for, and hold it harmless against, any and all loss, liability or expense, including taxes (other than taxes based upon the income of the Trustee) incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim (whether asserted by the Corporation, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder; and

(viii) the Corporation will pay the Trustee from time to time in writing such compensation for all services hereunder as the parties shall agree from time to time and will repay to the Trustee on demand all expenditures or advances whatever that the

Trustee may reasonably make or incur in and about the execution of the trusts hereby created (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

As security for the performance of the obligations of the Corporation under Sections 6.03(vii) and 6.03(viii), the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of (and premium, if any) or interest on particular Securities. The obligations of the Company under this Section shall survive the satisfaction and discharge of this Indenture and the resignation or removal of the Trustee.

SECTION 6.04 Trustee Not Required to Give Security. The Trustee shall not be required to give a bond or security for the execution of the trusts or its conduct or administration hereunder.

SECTION 6.05 No Person Dealing with Trustee Need Inquire. No person dealing with the Trustee shall be concerned to inquire whether the powers that the Trustee is purporting to exercise have become exercisable, or whether any money remains due upon the Securities or to see to the application of any money paid to the Trustee.

SECTION 6.06 May Hold Securities. The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Corporation, in its individual or in any other capacity, may become the owner or pledgee of Securities or Coupons and, subject to Section 6.08, may otherwise deal with the Corporation with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent, and without being liable to account for any profit made thereby.

SECTION 6.07 Money Held In Trust. Money held in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Corporation.

SECTION 6.08 Disqualification; Conflicting Interest. The Trustee for the Securities of any series issued hereunder shall be subject to the provisions of Section 310(b) of the Trust Indenture Act during the period of time provided for therein. In determining whether the Trustee has a conflicting interest as defined in Section 310(b) of the Trust Indenture Act with respect to the Securities of any series, there shall be excluded for purposes of the conflicting interest provisions of such Section 310(b) the Securities of every other series issued under this Indenture. Nothing herein shall prevent the Trustee from filing with the Commission the application referred to in the second to last paragraph of Section 310(b) of the Trust Indenture Act.

SECTION 6.09 Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder for each series of Securities which shall be (i) a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers and subject to supervision or examination by United States federal or State authority, or (ii) a

corporation or other Person organized and doing business under the laws of any other government which is permitted to act as Trustee pursuant to any rule, regulation or order of the Commission, authorized under such laws to exercise corporate trust powers and subject to supervision or examination by an authority of such government, or a political subdivision thereof, substantially equivalent to the supervision or examination applicable to an institution described in clause (i) above, in each case under clauses (i) and (ii) having a combined capital and surplus of at least $50,000,000 and its Corporate Trust Office in New York, New York, provided that there shall be such a corporation or other Person in such location willing to act upon customary and reasonable terms. If such corporation or other Person publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such corporation or other Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Neither the Corporation nor any Person directly or indirectly controlling, controlled by or under common control with the Corporation shall serve as Trustee. For purposes of the preceding sentence, the term "control shall mean the power to direct the management and policies of a Person directly or through one or more intermediaries, whether through the ownership of voting securities, by contract, or otherwise, and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 6.10 Resignation and Removal; Appointment of Successor. (a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 6.11.

(b) The Trustee may resign its trust and be discharged from all further duties and liabilities hereunder at any time with respect to the Securities of one or more series by giving to the Corporation 30 days' notice in writing or such shorter notice as the Corporation may accept as sufficient. If the instrument of acceptance by a successor Trustee required by Section 6.11 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee at the expense of the Corporation may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time with respect to the Securities of any series by the Act of the Holders of a majority in aggregate principal amount of the Securities of such series then Outstanding delivered to the Trustee and to the Corporation by notice delivered no less than 30 days prior to the effective date of such removal. If the instrument of acceptance by a successor Trustee required by Section 6.11 shall not have been delivered to the Trustee within 30 days after such removal, the Trustee at the expense of the Corporation may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(d) If at any time:

(i) the Trustee shall fail to comply with Section 310(b) of the Trust Indenture Act pursuant to Section 6.08 with respect to the Securities of any series after written request therefor by the Corporation or by any Holder who has been a *bona fide* Holder of a Security of such series for at least six months; or

(ii) the Trustee shall cease to be eligible under Section 6.09 and shall fail to resign after written request therefor by the Corporation or by any such Holder; or

(iii) the Trustee shall be dissolved, shall become incapable of acting or shall become or be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case (a) the Corporation by a Directors' Resolution may remove the Trustee with respect to the Securities of any or all series, as appropriate, or (b) subject to Section 5.15, any Holder who has been a *bona fide* Holder of a Security of an affected series for at least six months may, on behalf of such Holder and all other Holders similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Corporation, by a Directors' Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of such series and shall comply with the applicable requirements of Section 6.11. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in aggregate principal amount of the Securities of such series then Outstanding delivered to the Corporation and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 6.11, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Corporation with respect to the Securities of such series. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Corporation or the Holders and accepted appointment in the manner required by Section 6.11, any Holder who has been a *bona fide* Holder of a Security of such series for at least six months may, on behalf of such Holder and all other Holders similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(f) The Corporation shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series. If the Corporation shall fail to give such notice within 10 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be given at the expense of the Corporation. Each notice shall

include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

SECTION 6.11 Acceptance of Appointment by Successor. (a) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more series, each successor Trustee so appointed shall execute, acknowledge and deliver to the Corporation and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee with respect to such applicable series of the Securities shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to such applicable series; but, on the request of the Corporation or the successor Trustee, such retiring Trustee shall, upon payment of its charges then unpaid, execute, acknowledge and deliver an instrument transferring to such successor Trustee all such rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more series, the Corporation, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute, acknowledge and deliver an indenture supplemental hereto in which each successor Trustee shall accept such appointment and which shall (i) contain such provisions as shall be deemed necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of each series to which the appointment of such successor Trustee relates, (ii) if the retiring Trustee shall not be retiring with respect to the Securities of all series, contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of the series as to which the retiring Trustee shall not be retiring shall continue to be vested in the retiring Trustee and (iii) add to or change any of the provisions of this Indenture to the extent necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture (except as specifically provided for therein) shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture, the resignation or removal of the retiring Trustee shall become effective to the extent provided therein, and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of each series to which the appointment of such successor Trustee relates, and upon payment of its outstanding fees and expenses, such retiring Trustee shall duly assign, transfer and deliver to each successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of each series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Corporation shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all rights, powers and trusts referred to in Section 6.11(a) or (b), as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 6.12 Merger, Consolidation, Amalgamation or Succession to Trustee. Any corporation into which the Trustee may be merged or with which it may be consolidated or amalgamated, or any corporation resulting from any merger, consolidation or amalgamation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or instrument or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as though such successor Trustee had itself authenticated such Securities.

SECTION 6.13 Appointment of Authenticating Agent. The Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of the Securities which shall be authorized to act on behalf of, and subject to the direction of, the Trustee to authenticate the Securities of such series, including Securities issued upon original issue, exchange, registration of transfer or partial redemption thereof or pursuant to Section 3.06; and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as though authenticated by the Trustee. Wherever reference is made in this Indenture to the authentication and delivery of the Securities of any series by the Trustee or to the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by any Authenticating Agent for such series and a certificate of authentication executed on behalf of the Trustee by such Authenticating Agent. Each Authenticating Agent shall be acceptable to the Corporation and shall at all times be either (i) a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by Federal or State authority or (ii) a corporation or other Person organized and doing business under the laws of Canada or any province thereof or England or Luxembourg, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by governmental authority of its jurisdiction of incorporation and organization. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated or amalgamated, or any corporation resulting from any merger, conversion, consolidation or amalgamation to which such Authenticating Agent shall be

a party, or any corporation succeeding to all or substantially all of the corporate agency or corporate trust business of any Authenticating Agent, shall be the successor to such Authenticating Agent with respect to all series of the Securities for which it served as Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or such Authenticating Agent.

Any Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Corporation. The Trustee may at any time terminate the appointment of any Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Corporation. Upon receiving such notice of resignation or upon such termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Corporation and shall, at the expense of the Corporation, provide notice of such appointment to all Holders of the Securities affected thereby in the manner provided in Section 6.10 with respect to the appointment of a successor Trustee. Any successor Authenticating Agent, upon acceptance of its appointment hereunder, shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as though originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Corporation agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services hereunder.

SECTION 6.14 Notice of Defaults. Within 30 days after the occurrence of any default hereunder with respect to Securities of any series, the Trustee shall transmit by mail to all Holders Securities of such series, as their names and addresses appear in the Security Register, notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Security of such series or in payment of any sinking or purchase fund installment or analogous obligation with respect to Securities of such series, the Trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interests of the Holders Securities of such series; and provided, further, that in the case of any default of the character specified in Section 5.01(3) with respect to Securities of such series no such notice to Holders of Securities of such series shall be given until at least 60 days after the occurrence thereof. For the purpose of this Section, the term "default", with respect to Securities of any series, means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

ARTICLE VII

CONSOLIDATION, MERGER, AMALGAMATION, SALE OR TRANSFER

SECTION 7.01 Consolidation, Merger, Amalgamation or Succession to Business. The Corporation shall not enter into any transaction (whether by way of consolidation, amalgamation, merger, transfer, sale or otherwise) whereby all or substantially all of its assets would become the property of any other Person (herein called a "Successor") unless:

(1) prior to or contemporaneously with the consummation of such transaction the Corporation and/or the Successor shall have executed such instruments, which may include a supplemental indenture, and done such things, if any, as are necessary or advisable to establish that upon the consummation of such transaction:

(i) the Successor will have assumed all the covenants and obligations of the Corporation under this Indenture in respect of the Securities of every series; and

(ii) the Securities of every series will be valid and binding obligations of the Successor entitling the Holders thereof, as against the Successor to all the rights of Holders of Securities under this Indenture;

it being understood, for greater certainty, that no supplemental indenture shall be required if the transaction in question is an amalgamation of the Corporation with any one or more corporations, which amalgamation is governed by the statutes of Canada or any province thereof and upon the effectiveness of such amalgamation, the Successor shall continue to be liable for all of the covenants and obligations of the Corporation under this Indenture in respect of the Securities of every series by operation of law;

(2) the Successor is a corporation, company, partnership, or trust organized and validly existing under the laws of Canada or any province thereof or of the United States, any state thereof or the District of Columbia;

(3) the Corporation has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such transaction and such supplemental indenture comply with this Article and all conditions precedent herein provided for relating to such transaction have been complied with; and

(4) immediately before and after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing.

SECTION 7.02 Successor to Possess Powers of the Corporation. Whenever the conditions of Section 7.01 hereof shall have been duly observed and performed the Successor shall possess and from time to time may exercise each and every right and power of the Corporation under this Indenture in the name of the Corporation or otherwise and any act or proceeding by any provision hereof required to be done or performed by any Director or

Officer of the Corporation may be done and performed with like force and effect by the like directors or officers of the Successor.

ARTICLE VIII

SUPPLEMENTAL INDENTURES

SECTION 8.01 Supplemental Indentures Without Consent of Holders. Without the consent of the Holders of any series, the Corporation, when authorized by a Directors' Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any one or more of the following purposes:

(1) to evidence the succession of another Person, or successive successions of other Persons, to the Corporation and the assumption by any such successor of the covenants and obligations of the Corporation herein and in the Securities and the Coupons appertaining thereto;

(2) to add to the covenants of the Corporation for the benefit of the Holders of all or any series of the Securities (and if such covenants are to be for the benefit of less than all series of the Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Corporation;

(3) to add any additional Events of Default with respect to all or any series of the Securities for the benefit of the Holders of all or any series of Securities;

(4) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of the Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons or to permit or facilitate the issuance of Securities in uncertificated form; provided that any such action shall not adversely affect the interests of the Holders of any series or any related Coupons in any material respect;

(5) to add to, change or eliminate any provision of this Indenture in respect of one or more series of Securities, provided that any such addition, change or elimination shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision;

(6) to secure the Securities and the Coupons appertaining thereto pursuant to the requirements of Section 9.01 or otherwise;

(7) to establish the form or forms and the terms of the Securities of any series as permitted by Sections 2.01 and 3.01;

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and

to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 6.11; or

(9) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture which may be defective or inconsistent with any other provision herein or in any supplemental indenture, or to make any other provisions as may be necessary or desirable, including the making of any modifications in the form of the Securities and the Coupons appertaining thereto, provided that such action shall be not prejudicial, in any material respect, to the interests of the Holders of the Securities of any series or the Coupons appertaining thereto.

SECTION 8.02 Supplemental Indentures With Consent of Holders. With the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of each series then Outstanding and affected by such supplemental indenture (voting as one class), by Act of such Holders delivered to the Corporation and the Trustee, the Corporation, when authorized by a Directors' Resolution, and the Trustee, at any time or from time to time, shall enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or any supplemental indenture or of modifying in any manner the rights of the Holders of the Securities of each such series or of the Coupons appertaining thereto; provided, however, that no such supplemental indenture shall, without the consent of all Holders of all Outstanding Securities affected thereby,

(1) change the Stated Maturity of the principal of, or any installment of principal of or interest on, such Security,

(2) reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof,

(3) reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 5.02,

(4) change any Place of Payment where, or the coin or currency in which, such Security or any premium or interest thereon is payable,

(5) impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date),

(6) reduce the percentage in principal amount of the Outstanding Securities of such series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain Events of Default hereunder and their consequences) provided for in this Indenture, or

(7) modify any of the provisions of this Section or Section 5.14, except to increase any such percentage or adversely affect any right to convert or exchange any Security or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby, provided, however, that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to "the Trustee", in accordance with the requirements of Sections 6.11 and 8.01(8) and concomitant changes in this Section, or the deletion of this proviso.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more (but less than all) series of the Securities, or which modifies the rights of the Holders of such series or of the Coupons appertaining thereto with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of the Securities of any other series or of the Coupons appertaining thereto.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 8.03 Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be provided with, and (subject to Section 6.01) shall be fully protected in conclusively relying upon, an Officers' Certificate and an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and that such supplemental indenture is the legal, valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 8.04 Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of the Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 8.05 Reference in Securities to Supplemental Indentures. The Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Corporation shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Corporation, to any such supplemental indenture may be prepared and executed by the Corporation and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

SECTION 8.06 Conformity with Trust Indenture Act. Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 8.07 Notice of Supplemental Indentures. Promptly after the execution by the Corporation and the Trustee of any supplemental indenture pursuant to the provisions of Section 8.02, the Corporation shall give notice thereof to the Holders of each Outstanding Security affected, in the manner provided for in Section 1.07, setting forth in general terms the substance of such supplemental indenture.

ARTICLE IX

COVENANTS OF THE CORPORATION

SECTION 9.01 General Covenants. The Corporation hereby covenants and agrees that, subject to all the provisions of this Indenture:

(1) it will duly and punctually pay or cause to be paid to the Holder of every Security of each series the principal thereof, premium thereon, if any, and interest accrued thereon and, in case of default, interest on the amount in default, on the dates and at the places, in the money and in the manner mentioned herein and in such Securities;

(2) in order to prevent any accumulation after the Stated Maturity of interest, it will not, directly or indirectly, extend or assent to the extension of time for payment of any interest upon any Security, and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding such interest or in any other manner; and

(3) so long as any of the Securities remain outstanding, it will not, and will not permit any Subsidiary to, create, assume or otherwise have outstanding any Security Interest, except for Permitted Encumbrances, on or over any present or future Railway Properties of the Corporation or any of its Subsidiaries or on any shares in the capital stock of any Railroad Subsidiary securing any Indebtedness of any Person without also at the same time or prior thereto securing equally and ratably with such other Indebtedness all of the Securities then Outstanding under the Indenture.

SECTION 9.02 Certificates of Compliance. The Corporation shall deliver to the Trustee annually within 120 days (or such longer period as the Trustee in its discretion may consent to) after the end of each fiscal year, and at any other reasonable time if the Trustee so requires, an Officers' Certificate stating that the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, non-compliance with which would, with the giving of notice or the lapse of time, or both, constitute an Event of Default hereunder or, if the Corporation has not complied with all such requirements, giving particulars as to each non-compliance.

SECTION 9.03 Maintenance of Office or Agency. The Corporation will maintain in each Place of Payment for the Securities of any series an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that

series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Corporation in respect of the Securities of that series and this Indenture may be served. The Corporation will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Corporation shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Corporation hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Corporation may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Corporation of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Corporation will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 9.04 Money for Securities Payments to Be Held In Trust. If the Corporation shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of or any premium or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and any premium and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its actions or failure so to act.

Whenever the Corporation shall have one or more Paying Agents for any series of Securities, it will, prior to each due date of the principal of or any premium or interest on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay such amount, and (unless such Paying Agent is the Trustee) the Corporation will promptly notify the Trustee of its action or failure so to act.

The Corporation will cause each Paying Agent for the Securities of any series other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will, during the continuance of any default by the Corporation (or any other obligor upon the Securities of that series) in the making of any payment in respect of the Securities of that series, upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Securities of that series.

The Corporation may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Corporation Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Corporation or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Corporation or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Corporation, in trust for the payment of the principal of or any premium or interest on any Security of any series and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Corporation on Corporation Request, or (if then held by the Corporation) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Corporation for payment of such principal, premium or interest on such Security and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Corporation as trustee thereof, shall thereupon cease; provided, however, that the Corporation, before the Trustee or such Paying Agent is required to make any such repayment, may cause to be published once, in an Authorized Newspaper in Canada, if required, and, if required, The City of New York and, if required, the United Kingdom and, if required, Luxembourg, notice that such money remains unclaimed and that, after a date specified therein, which shall be not less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Corporation.

SECTION 9.05 Maintenance of Corporate Existence. Subject to Article Seven, the Corporation will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence in good standing and will conduct its business in a prudent manner.

SECTION 9.06 Payment of Taxes and Other Claims. The Corporation will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all material taxes, assessments and governmental charges levied or imposed upon the Corporation or upon the income, profits or assets of the Corporation, and (ii) all lawful claims against the Corporation for labor, materials and supplies which, if unpaid, might by law become a lien upon the assets of the Corporation; provided, however, that the Corporation shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

SECTION 9.07 Additional Amounts. All payments made by the Corporation under or with respect to the Securities will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the Government of Canada or of any province or territory thereof or by any authority or agency therein or thereof having power to tax (hereinafter "Canadian Taxes"), unless the Corporation is required to withhold or deduct Canadian Taxes by law or by the interpretation or administration thereof. If the Corporation is so required to withhold or deduct any amount for or on account of Canadian Taxes from any payment made under or with respect to the Securities, the Corporation will pay as additional interest such additional amounts ("Additional Amounts") as may be necessary so that the net amount received by each Holder after such withholding or deduction (and after deducting any Canadian Taxes on such Additional Amounts) will not be less than the amount the Holder would have received if such Canadian Taxes had not been withheld or deducted. However, no Additional Amounts will be payable with respect to a payment made to a Holder (such Holder, an "Excluded Holder") in respect of the beneficial owner thereof:

(i) with which the Corporation does not deal at arm's length (within the meaning of the *Income Tax Act* (Canada)) at the time of making such payment;

(ii) which is subject to such Canadian Taxes by reason of the Holder being a resident, domicile or national of, or engaged in business or maintaining a permanent establishment or other physical presence in or otherwise having some connection with Canada or any province or territory thereof otherwise than by the mere holding of Securities or the receipt of payments thereunder;

(iii) which is subject to such Canadian Taxes by reason of the Holder's failure to comply with any certification, identification, information, documentation or other reporting requirements if compliance is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in the rate of deduction or withholding of, such Canadian Taxes;

(iv) by reason of such Holder or beneficial owner being a "specified shareholder" (within the meaning of subsection 18(5) of the *Income Tax Act* (Canada)) of us at the time of payment or deemed payment, or by reason of such Holder or beneficial owner not dealing at arm's length for the purposes of the *Income Tax Act* (Canada) with a "specified shareholder" of us at the time of payment or deemed payment; or

(v) if the Holder or beneficial owner of, or person ultimately entitled to obtain any interest in, the Securities is not the sole beneficial owner of such payments, or is a fiduciary or partnership, to the extent that any beneficial owner, beneficiary or settlor with respect to such fiduciary or any partner or member of such partnership would not have been entitled to such Additional Amounts with respect to such payments had such beneficial owner, beneficiary, settlor, partner or member received directly its beneficial or distributive shares of such payments.

The Corporation will also:

(i) make such withholding or deduction; and

(ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

The Corporation will furnish to the Trustee and Holders of the Securities, within 30 days after the date the payment of any Canadian Taxes is due pursuant to applicable law, certified copies of tax receipts or other documents evidencing such payment by the Corporation.

The Corporation will indemnify and hold harmless each Holder (other than an Excluded Holder) and upon written request reimburse each such Holder for the amount of:

(i) any Canadian Taxes so levied or imposed and paid by such Holder as a result of payments made under or with respect to the Securities;

(ii) any liability (including penalties, interest and expenses) arising therefrom or with respect thereto; and

(iii) any Canadian Taxes imposed with respect to any reimbursement under clause (i) or (ii) above, but excluding any such Canadian Taxes on such Holder's net income.

Wherever in this Indenture there is mentioned, in any context, the payment of principal (and premium, if any), interest or any other amount payable under or with respect to a Security, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

In any event, no Additional Amounts or indemnity will be payable with respect to taxes imposed directly or indirectly under FATCA and no Additional Amounts or indemnity will be payable in excess of the Additional Amounts or indemnity which would be required if the Holder was a resident of the United States for purposes of, and entitled to claim the benefits under, the Canada-United States Income Tax Convention (1980), as amended.

SECTION 9.08 Original Issue Discount. The Corporation shall provide to the Trustee on a timely basis such information as the Trustee requires to enable the Trustee to prepare and file any form required to be submitted by the Corporation with the Internal Revenue Service and the Holders of the Securities relating to original issue discount, including, without limitation, Form 1099-OID or any successor form.

ARTICLE X

REDEMPTION OF SECURITIES

SECTION 10.01 Applicability of Article. The Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise established in accordance with Section 3.01 for the Securities of a particular series) in accordance with this Article.

SECTION 10.02 Election to Redeem; Notice to Trustee. The election of the Corporation to redeem any Securities shall be evidenced by a Directors' Resolution. In case of any redemption at the election of the Corporation of less than all the Securities of any series, the Corporation shall, at least 60 days prior to the Redemption Date fixed by the Corporation (unless a shorter notice shall be acceptable to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of the Securities of such series to be redeemed and, if applicable, of the tenor of the Securities to be redeemed. Such notice shall be irrevocable. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Corporation shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction.

SECTION 10.03 Selection by Trustee of Securities to be Redeemed. If less than all the Securities of any series are to be redeemed (unless all of the Securities of such series and of a specified tenor are to be redeemed), the particular Securities to be redeemed shall be selected, not more than 60 days prior to the Redemption Date, by the Trustee, in accordance with the Depositary's procedures, from among the Outstanding Securities of such series (and, if

applicable, of the specified tenor) not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the minimum authorized denomination for the Securities of such series or any integral multiple thereof) of the principal amount of the Securities of such series of a denomination larger than the minimum authorized denomination for the Securities of such series.

The Trustee shall promptly notify the Corporation in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

SECTION 10.04 Notice of Redemption. Notice of redemption to the Holders of Registered Securities of any series to be redeemed shall be given by mailing notice of such redemption by first class mail, postage prepaid or, if sent through the Depositary, in accordance with the Depositary's customary procedures, at least 30 days and not more than 60 days prior to the Redemption Date, to such Holders at their addresses as they shall appear on the Security Register. Notice of redemption to the Holders of Unregistered Securities of any series to be redeemed who have filed their names and addresses with the Trustee shall be given by mailing notice of such redemption by first class mail, postage prepaid or, if sent through the Depositary, in accordance with the Depositary's customary procedures, at least 30 days and not more than 60 days prior to the Redemption Date, to such Holders at such filed addresses. Notice of redemption to all other Holders of Unregistered Securities of any series shall be given by the Corporation by publication in an Authorized Newspaper in Canada, if required, and, if required, The City of New York, and, if required, the United Kingdom and, if required, Luxembourg, in each case once in each of two successive calendar weeks, the first publication to be not less than 30 days and not more than 60 days prior to the Redemption Date. Any notice which is mailed or delivered in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice. Failure to give notice by mail, or any defect in the notice to the Holder of any Security of any series designated for redemption in whole or in part, shall not affect the validity of the proceedings for the redemption of any other Security of such series.

All notices of redemption shall state:

(i) the Redemption Date;

(ii) the Redemption Price;

(iii) the accrued and unpaid interest;

(iv) the CUSIP (or applicable ISIN) or similar number of the Securities to be redeemed;

(v) if less than all of the Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption, the portions of the principal amounts) of the particular Securities to be redeemed;

(vi) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and that interest thereon will cease to accrue on and after such date;

(vii) the place or places where such Securities are to be surrendered for payment of the Redemption Price;

(viii) that the redemption is for a sinking or analogous fund, if such is the case;

(ix) in case any Security is to be redeemed in part only, the notice which relates to such Security shall state that on and after the Redemption Date, upon surrender of such Security, the holder will receive, without charge, a new Security or Securities of authorized denominations for the principal amount thereof remaining unredeemed;

(x) that, unless otherwise specified in such notice, Unregistered Securities of any series, if any, surrendered for redemption must be accompanied by all Coupons maturing subsequent to the Redemption Date or the amount of any such missing Coupon or Coupons will be deducted from the Redemption Price unless security or indemnity satisfactory to the Corporation, the Trustee and any Paying Agent is furnished; and

(xi) if Unregistered Securities of any series are to be redeemed and any Registered Securities of such series are not to be redeemed, and if such Unregistered Securities may be exchanged for Registered Securities not subject to redemption on such Redemption Date pursuant to Section 3.05 or otherwise, the last date, as determined by the Corporation, on which such exchanges may be made.

Each notice of redemption of Securities to be redeemed at the election of the Corporation shall be given by the Corporation or, at the Corporation's request, such request to be delivered at least 5 Business Days prior to the date of the publication of the notice (or such shorter period as the Trustee may agree to), by the Trustee in the name and at the expense of the Corporation.

SECTION 10.05 Deposit of Redemption Price. Prior to 10 a.m. (New York City time) on any Redemption Date, the Corporation shall deposit with the Trustee or with a Paying Agent (or, if the Corporation shall be acting as its own Paying Agent, segregate and hold in trust as provided in Section 9.05) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on the Redemption Date.

SECTION 10.06 Securities Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the

Redemption Date, become due and payable at the Redemption Price therein specified in the Currency in which the Securities of such series are payable (together with accrued interest, if any, to the Redemption Date), and from and after such date (unless the Corporation shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest, and the unmatured Coupons, if any, appertaining thereto shall be void. Upon surrender of any such Security for redemption in accordance with such notice, together with all Coupons, if any, appertaining thereto maturing after the Redemption Date, such Security shall be paid by the Corporation at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that, unless otherwise specified as contemplated by Section 3.01, installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable, in the case of Unregistered Securities with Coupons attached thereto, to the Holders of the Coupons for such interest upon the surrender thereof or, in the case of Registered Securities, to the Holders of such Registered Securities, registered as such at the close of business on the relevant Regular or Special Record Dates according to their terms and the provisions of Section 3.07.

If any Unregistered Security surrendered for redemption shall not be accompanied by all appurtenant Coupons maturing after the Redemption Date, such Security may be paid after deducting from the Redemption Price an amount equal to the face amount of all such missing Coupons, or the surrender of such missing Coupon or Coupons may be waived by the Corporation and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to the Trustee or any Paying Agent any such missing Coupon in respect of which a deduction shall have been made from the Redemption Price, such Holder shall be entitled to receive the amount so deducted; provided, however, that interest represented by Coupons shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 9.04) and, unless otherwise specified as contemplated by Section 3.01, only upon presentation and surrender of those Coupons.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the same rate specified in such Security as the rate of interest (or Yield to Maturity, in the case of Original Issue Discount Securities).

SECTION 10.07 Securities Redeemed In Part. Any Security which is to be redeemed only in part shall be surrendered at an office or agency of the Corporation at a Place of Payment therefor (with, if the Corporation or the Trustee shall so require in the case of a Registered Security, due endorsement by, or a written instrument of transfer in form satisfactory to the Corporation and the Trustee duly executed by, the Holder thereof or other appropriate person), and the Corporation shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge to Holders, a new Security or Securities of the same series and of like tenor, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

SECTION 10.08 Redemption at the Option of the Corporation for Taxation Reasons. The Securities of a series will be subject to redemption in whole, but not in part, at the

option of the Corporation, at any time, on not less than 30 nor more than 60 days prior written notice, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon to the redemption date, in the event there is more than an insubstantial risk that the Corporation has become or would become obligated to pay, on the next date on which any amount would be payable with respect to any such Securities, any Additional Amounts as a result of an amendment to or change in the laws (including any regulations promulgated thereunder) of Canada (or any political subdivision or taxing authority thereof or therein), or any amendment to or change in any official position regarding the application or interpretation of such laws or regulations, which change is announced or becomes effective on or after the date of the applicable prospectus by which such Securities are offered and sold. No redemption shall be made pursuant to this paragraph unless:

(i) The Corporation shall have received an opinion of independent Counsel that there is more than an insubstantial risk that Additional Amounts will be payable on the next payment date in respect of such series of Securities;

(ii) The Corporation shall have delivered to the Trustee an Officers' Certificate stating that the Corporation is entitled to redeem such Securities pursuant to the terms of such series of Securities; and

(iii) At the time such notice of redemption is given, such obligation to pay such Additional Amounts remains in effect.

ARTICLE XI

SINKING FUNDS

SECTION 11.01 Applicability of Article. The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of any series, except as otherwise established in accordance with Section 3.01 for the Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of the Securities of any series is in this Section referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of the Securities of any series is in this Section referred to as an "optional sinking fund payment". The date on which any sinking fund payment is to be made is in this Section referred to as the "sinking fund payment date". If so provided by the terms of the Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 11.02. Each sinking fund payment in respect of the Securities of any series shall be applied to the redemption of the Securities of such series as provided for by the terms of the Securities of such series.

SECTION 11.02 Satisfaction of Sinking Fund Payments with Securities. Subject to Section 11.03, in lieu of making all or any part of any mandatory sinking fund payment with respect to the Securities of any series in cash, the Corporation may at its option (i) deliver to the Trustee Securities of such series theretofore purchased or otherwise acquired (except upon redemption pursuant to any mandatory sinking fund payment) by the Corporation or receive credit for Securities of such series (not previously so credited) theretofore purchased

or otherwise acquired (except as aforesaid) by the Corporation and delivered to the Trustee for cancellation pursuant to Section 3.09; (ii) receive credit for any optional sinking fund payments (not previously so credited) made pursuant to this Section; or (iii) receive credit for any Securities of such series (not previously so credited) redeemed by the Corporation through any optional redemption provision contained in the terms of such series. Such Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund therefor and the amount of such mandatory sinking fund payment shall be reduced accordingly.

SECTION 11.03 Redemption of Securities for Sinking Fund. Not less than 60 days prior to each sinking fund payment date for the Securities of any series, the Corporation will deliver to the Trustee an Officers' Certificate (which need not contain the statements required by Section 1.02) (i) specifying the portion of the mandatory sinking fund payment due on such sinking fund payment date satisfied by the payment of cash and the portion to be satisfied by credit of Securities of such series pursuant to Section 11.02, (ii) stating that none of the Securities of such series to be so credited has theretofore been so credited, and (iii) stating whether or not the Corporation intends to exercise its right to make an optional sinking fund payment on such date with respect to such series and, if so, specifying the amount of such optional sinking fund payment. Any Securities of such series to be so credited and required to be delivered to the Trustee in order for the Corporation to be entitled to credit therefor which have not theretofore been delivered to the Trustee shall be delivered for cancellation pursuant to Section 3.09 to the Trustee with such Officers' Certificate. Such Officers' Certificate shall be irrevocable, and upon its receipt by the Trustee the Corporation shall become unconditionally obligated to make all the cash payments and other deliveries therein referred to on or before the next succeeding sinking fund payment date. Failure by the Corporation, on or before such 60th day, to deliver such Officers' Certificate and Securities, if any, shall not constitute a default hereunder, but shall constitute, on and as of such 60th day, the irrevocable election by the Corporation that (i) the mandatory sinking fund payment for the Securities of such series due on the next succeeding sinking fund payment date shall be paid entirely in cash and (ii) the Corporation will make no optional sinking fund payment with respect to the Securities of such series on such date. Not more than 60 days prior to each sinking fund payment date with respect to the Securities of any series, the Trustee shall select the Securities of such series to be redeemed upon such sinking fund payment date in the manner specified in Section 10.03 (the Trustee's decision as to such selection for redemption being final and binding on all parties) and cause notice of the redemption thereof to be given in the name and at the expense of the Corporation in the manner provided in Section 10.04. Such notice of redemption having been duly given, the redemption of the Securities of such series to be redeemed shall be made upon the terms and in the manner stated in Sections 10.05, 10.06 and 10.07.

ARTICLE XII

DEFEASANCE AND COVENANT DEFEASANCE

SECTION 12.01 Corporation's Option to Effect Defeasance or Covenant Defeasance. Except as otherwise specified as contemplated by Section 3.01 for Securities of any series, the provisions of this Article Twelve shall be applicable to the Securities of each series; and the Corporation may at any time, at its option, by Directors' Resolution elect to have either

Section 12.02 or Section 12.03 applied to the outstanding Securities of any series upon compliance with the applicable conditions set forth in this Article Twelve.

SECTION 12.02 Defeasance and Discharge. Upon the Corporation's exercise of the option provided in Section 12.01 to defease the Securities of a particular series, the Corporation shall be discharged from its obligations with respect to the Securities of such series on the date that the applicable conditions set forth in Section 12.04 shall be satisfied. The term "defeasance" means that the Corporation shall be deemed to have paid and discharged the entire indebtedness represented by the Securities of such series and all Coupons appertaining thereto and to have satisfied all its other obligations under such Securities and Coupons and this Indenture insofar as such Securities and Coupons shall be concerned; and the Trustee, at the expense of the Corporation, shall execute proper instruments acknowledging the same; provided, however, that the following rights, obligations, powers, trusts, duties and immunities shall survive until otherwise terminated or discharged hereunder: (i) the rights of the Holders of the Securities of such series and such Coupons to receive, solely from the trust fund provided for in Section 12.04, payments in respect of the principal of (and premium, if any) and interest on such Securities and Coupons when and as such payments shall become due, (ii) the Corporation's obligations with respect to such Securities and Coupons under Sections 3.04, 3.05, 3.06 and 9.05, (iii) the rights, powers, trusts, duties and immunities of the Trustee hereunder, (iv) the rights and obligations under this Article Twelve and (v) the rights and obligations described in the second paragraph of Section 4.01. Subject to compliance with this Article Twelve, the Corporation may exercise its option with respect to defeasance under this Section 12.02 notwithstanding the prior exercise of its option with respect to covenant defeasance under Section 12.03 with respect to the Securities of such series.

SECTION 12.03 Covenant Defeasance. Upon the Corporation's exercise of the option provided in Section 12.01 to obtain a covenant defeasance with respect to the Securities of a particular series, the Corporation shall be released from its obligations under Sections 9.01(3), 9.04, 9.07 and 9.08 with respect to the Securities of such series on and after the date that the applicable conditions set forth in Section 12.04 shall be satisfied. The term "covenant defeasance" means that, with respect to the Securities of such series, the Corporation may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in Sections 9.01(3), 9.04, 9.07 and 9.08, whether directly or indirectly by reason of any reference elsewhere herein to such Section or Article or by reason of any reference in such Section or Article to any other provision herein or in any other document, and such omission to comply shall not constitute an Event of Default under Section 5.01 with respect to the Securities of such series; but the remaining provisions of this Indenture and the other terms of the Securities of such series shall be unaffected thereby.

SECTION 12.04 Conditions to Defeasance or Covenant Defeasance. The following shall be the conditions to defeasance under Section 12.02 and covenant defeasance under Section 12.03 with respect to the Securities of a particular series:

(1) The Corporation shall have irrevocably deposited or caused to be deposited with the Trustee as a trust fund in trust for the purpose of making the payments described below, and dedicated solely to, the benefit of the Holders of the Securities of such series: (i) the Required Currency in an amount, or (ii) Government Obligations

which, through scheduled payments of principal and interest in respect thereof in accordance with their terms, will assure, not later than one day before the due date of any payment, cash in an amount, or (iii) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent chartered accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee to pay and discharge: (A) the principal of (and premium, if any, on) and each installment of principal of (and premium, if any) and interest on the Securities of such series and the Coupons appertaining thereto on the Stated Maturity of such principal or installment of principal or interest; and (B) any mandatory sinking fund payments or analogous payments applicable to the Securities of such series on the dates on which such payments shall become due and payable in accordance with the terms of this Indenture and of such Securities. Before such a deposit, the Corporation may give to the Trustee, in accordance with Section 10.02 hereof, a notice of its election to redeem all or any portion of such Outstanding Securities at a future date in accordance with the terms of such Securities and Article X hereof, which notice shall be irrevocable. Such irrevocable redemption notice, if given, shall be given effect in applying the foregoing.

(2) No Event of Default or event which, with notice or lapse of time or both, would become an Event of Default with respect to the Securities of such Series shall have occurred and be continuing on the date of such deposit or, insofar as Section 5.01(5) is concerned, at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(3) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Corporation is a party or by which it is bound.

(4) Such defeasance or covenant defeasance shall not cause any Securities of such series then listed on any national securities exchange registered under the U.S. Securities Exchange Act of 1934, as amended, to be delisted.

(5) In the case of a defeasance, the Corporation shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States stating that (A) if the deposit referred to in paragraph (1) above shall include Government Obligations in respect of any government other than the United States of America, such deposit shall not result in the Corporation, the Trustee or such trust constituting an "investment company" under the U.S. Investment Company Act of 1940, as amended, and (B) (i) the Corporation has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of this Indenture, there has been a change in the applicable United States federal income tax laws or regulations in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the Securities of such series and the Coupons appertaining thereto should not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance and should be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

(6) In the case of a covenant defeasance, the Corporation shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States to the effect that (A) if the deposit referred to in paragraph (1) above shall include Government Obligations in respect of any government other than the United States of America, such deposit shall not result in the Corporation, the Trustee or such trust constituting an "investment company" under the U.S. Investment Company Act of 1940, as amended and (B) the Holders of Securities of such series then Outstanding and the Coupons appertaining thereto should not recognize income, gain or loss for United States federal income tax purposes as a result of such covenant defeasance and should be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

(7) The Corporation has delivered to the Trustee an Opinion of Counsel qualified to practice law in Canada or a ruling from the Canada Revenue Agency to the effect that the Holders of the Securities of such series then Outstanding should not recognize income, gain or loss for Canadian federal or provincial income or other Canadian tax purposes as a result of such defeasance or covenant defeasance and should be subject to Canadian federal or provincial income and other Canadian tax on the same amounts, in the same manner and at the same times as would have been the case had such defeasance or covenant defeasance, as the case may be, not occurred (and for the purposes of such opinion, such Canadian counsel shall assume that Holders of such series then Outstanding include Holders who are not resident in Canada).

(8) The Corporation shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in this Section 12.04 relating to either the defeasance under Section 12.02 or the covenant defeasance under Section 12.03, as the case may be, have been satisfied.

(9) The Corporation is not an "insolvent person" within the meaning of the *Bankruptcy and Insolvency Act* (Canada) on the date of such deposit or at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(10) The Corporation has delivered to the Trustee an Opinion of Counsel to the effect that such deposit shall not cause the Trustee or the trust so created to be subject to the Investment Company Act of 1940, as amended.

SECTION 12.05 Deposited Money and Government Obligations to be Held In Trust; Other Miscellaneous Provisions. Subject to the provisions of the last paragraph of Section 9.05, all money and Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee (collectively, for the purposes of this Section 12.05, the "Trustee")) pursuant to Section 12.04 in respect of the Securities of a particular series then Outstanding and the Coupons appertaining thereto shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and Coupons and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the

Holders of such Securities and Coupons of all sums due and to become due thereon in respect of principal (and premium, if any) and interest, but such money need not be segregated from other funds except to the extent required by law.

The Corporation shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to Section 12.04 or the principal and interest received in respect thereof, other than any such tax, fee or other charge which by law is for the account of the Holders of the Securities and the Coupons for whose benefit such Government Obligations are held.

Anything in this Article Twelve to the contrary notwithstanding, the Trustee shall deliver or pay to the Corporation from time to time, upon Corporation Request, any money or Government Obligations held by it as provided in Section 12.04 which, in the opinion of a nationally recognized firm of independent chartered accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited for the purpose for which such money or Government Obligations were deposited.

SECTION 12.06 Reinstatement. If the Trustee or any Paying Agent is unable to apply any money in accordance with Section 12.05 by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Corporation's obligations under this Indenture and such Securities shall be revived and reinstated as though no deposit had occurred pursuant to Section 12.04 until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 12.05; provided, however, that if the Corporation makes any payment of principal of or interest on any such Security following the reinstatement of its obligations, the Corporation shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE XIII

MEETINGS OF HOLDERS

SECTION 13.01 Purposes for which Meetings May be Called. A meeting of the Holders of the Securities of one or more series may be called at any time and from time to time pursuant to the provisions of this Article for one or more of the following purposes:

(1) to give any notice to the Corporation or to the Trustee, to give any directions to the Trustee, to consent to the waiving of any Event of Default hereunder and its consequences or to take any other action authorized to be taken by the Holders of the Securities of such series pursuant to any of the provisions of Article Five;

(2) to remove the Trustee and appoint a successor Trustee with respect to the Securities of such series pursuant to the provisions of Article VI;

(3) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 8.02; or

(4) to take any other action required or permitted to be taken by or on behalf of the Holders of any specified percentage of the aggregate principal amount of the Securities of such series under any other provision of this Indenture or under applicable law.

SECTION 13.02 Convening of Meetings. The Trustee or the Corporation may at any time and from time to time, and the Trustee shall on requisition in writing made by the Corporation or by the Holders of at least 25% of the aggregate principal amount of the Securities of one or more series then Outstanding, convene a meeting of the Holders of the Securities of such series to take any action specified in Section 13.01. In the event of the Trustee failing to convene a meeting within 21 days after the receipt of requisition made as aforesaid, the Corporation or the Holders of at least 25% of the aggregate principal amount of the Securities of such series, as the case may be, may convene such meeting. Every such meeting shall be held in The City of New York or at such other place as the Trustee may approve.

SECTION 13.03 Notice. Notice of every such meeting, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given by the Trustee or, in the event of the Trustee failing to convene a meeting specified in Section 13.02, by the Corporation or such Holders, not less than 21 and not more than 120 days prior to the date fixed for such meeting (i) if any Unregistered Securities of any affected series are then Outstanding, to the Holders thereof by publication of such notice at least twice in an Authorized Newspaper in such cities as the Trustee (or the Corporation or such Holders, if applicable) shall deem appropriate under the circumstances, (ii) if any Unregistered Securities of any affected series are then Outstanding, to the Holders thereof who have filed their names and addresses with the Trustee by mailing such notice to such Holders at such addresses and (iii) if any Registered Securities of any affected series are then outstanding, by mailing such notice to such Holders at their addresses as they shall appear on the Security Register. A copy of the notice shall be sent by prepaid registered mail to the Trustee unless the meeting has been called by it and to the Corporation unless the meeting has been called by it. A Holder of Securities may waive notice of a meeting either before or after the meeting.

SECTION 13.04 Persons Entitled to Vote, to be Present and to Speak at Meetings. To be entitled to vote at any meeting of the Holders of the Securities of one or more series, a Person shall be (i) a Holder of one or more Securities of such series or (ii) a Person appointed by an instrument in writing as proxy for a Holder of one or more Securities of such series. The only Persons who shall be entitled to be present or to speak at any such meeting shall be the Persons entitled to vote at such meeting and their Counsel, any representatives of the Trustee and its Counsel and any representatives of the Corporation and its Counsel.

SECTION 13.05 Quorum; Action. The Persons entitled to vote a majority in principal amount of the Outstanding Securities of a series shall constitute a quorum for a meeting of Holders of such series; provided, however, that, if any action is to be taken at such meeting with respect to a consent or waiver which this Indenture expressly provides may be given by the Holders of not less than a specified percentage in principal amount of the Outstanding Securities of a series, the Persons entitled to vote such specified percentage in principal amount of the Outstanding Securities of such series shall constitute a quorum. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting shall, if convened at

the request of Holders of such series, be dissolved. In any other case the meeting may be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Notice of the reconvening of any adjourned meeting shall be given as provided in Section 13.03, except that such notice need be given only once not less than five days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of any adjourned meeting shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Securities of such series which shall constitute a quorum.

Subject to the foregoing, at the reconvening of any meeting adjourned for lack of a quorum the Persons entitled to vote 25% in principal amount of the Outstanding Securities at the time shall constitute a quorum for the taking of any action set forth in the notice of the original meeting.

Except as limited by the proviso to Section 8.02, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may be adopted by the affirmative vote of the Holders of not less than a majority in principal amount of the Outstanding Securities of such series; provided, however, that, except as limited by the proviso to Section 8.02, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action which this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of a series may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of not less than such specified percentage in principal amount of the Outstanding Securities of such series.

Any resolution passed or decision taken at any meeting of Holders of any series duly held in accordance with this Section shall be binding on all the Holders of Securities of such series and the related Coupons, whether or not present or represented at the meeting.

Notwithstanding the foregoing provisions of this Section 13.05, if any action is to be taken at a meeting of Holders of any series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage in principal amount of all Outstanding Securities affected thereby, or of the Holders of such series and one or more additional series:

(i) there shall be no minimum quorum requirement for such meeting; and

(ii) the principal amount of the Outstanding Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action shall be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under this Indenture.

SECTION 13.06 Determination of Voting Rights; Conduct and Adjournment of Meetings.

(1) Notwithstanding any other provision of this Indenture, the Corporation, with the approval of the Trustee, in case it convenes the meeting or the Trustee in any other case may make such reasonable regulations as it may deem advisable for any meeting of the Holders of the Securities of one or more series in regard to (i) the proof of the holding of the Securities of such series, (ii) the appointment of proxies, (iii) the appointment and duties of inspectors of votes, (iv) the submission and examination of proxies and other evidence of the right to vote and (v) such other matters concerning the conduct of such meeting as it shall deem necessary or appropriate. Except as otherwise permitted or required by any such regulation, the holding of the Securities of such series and the appointment of any proxy shall be proved in the manner specified in Section 1.04.

(2) The Trustee shall, by an instrument in writing, appoint a chairman and secretary of such meeting, unless the meeting shall have been convened by the Corporation or by Holders as provided in Section 13.02, in which case the Corporation or such Holders, as the case may be, shall in like manner appoint a chairman and secretary.

(3) At any such meeting, each Holder of the Securities of such series or the proxy therefor shall be entitled to one vote for each $1,000 principal amount of the Securities of such series held or represented by such Holder or proxy; provided, however, that no vote shall be cast or counted at any such meeting in respect of any Security of such series challenged as not Outstanding and ruled by the permanent chairman of such meeting to be not Outstanding. No chairman of such meeting shall have any right to vote thereat, except as a Holder of the Securities of such series or as a proxy therefor.

(4) At any such meeting duly called pursuant to the provisions of Section 13.02, the presence of Persons holding or representing Securities of the affected series in an aggregate principal amount sufficient to take action on the business for the transaction of which such meeting was called shall constitute a quorum; but if less than a quorum shall be present, such meeting may be adjourned from time to time by the Holders of a majority in aggregate principal amount of the Securities of such series represented and entitled to vote at such meeting, and any such adjourned meeting may be held without further notice.

SECTION 13.07 Manner of Voting; Recording of Action. The vote upon any resolution submitted to any meeting of the Holders of the Securities of one or more series shall be by written ballots on which shall be subscribed the signatures of such Holders or their duly authorized proxies and the principal amount or amounts of the Securities represented thereby. The permanent chairman of such meeting shall appoint two inspectors of votes, who shall count all votes cast at such meeting for or against any resolution and shall make and file with the permanent secretary of such meeting their verified written report, in duplicate, of all votes cast at such meeting. A record, in duplicate, of the proceedings of such meeting shall be prepared by the permanent secretary of such meeting, and there shall be attached to such record (i) such report of the inspectors of votes and (ii) affidavits by one or more persons, having

knowledge of the facts, setting forth a copy of the notice of such meeting and showing that such notice was given as provided in Section 13.02. Such record shall be signed and verified by the affidavits of the permanent chairman and the permanent secretary of such meeting. One of such duplicate records shall be delivered to the Corporation and the other shall be delivered to the Trustee, to be preserved by the Trustee, the latter having attached thereto the ballots voted at such meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

SECTION 13.08 Instrument in lieu of Resolution. Notwithstanding the foregoing provisions of this Indenture, any resolution or instrument signed in one or more counterparts by or on behalf of the Holders of the specified percentage of the aggregate principal amount of the Securities of any series shall have the same force and effect as a resolution passed by the Holders of such specified percentage at a meeting of the Holders of Securities of such series.

SECTION 13.09 Evidence of Instruments of Holders. Any request, direction, notice, consent or other instrument which this Indenture may require or permit to be signed or executed by the Holders of Securities may be in any number of concurrent instruments of similar tenor signed or executed by such Holders.

The Trustee may, in its discretion, require proof of execution in cases where it deems proof desirable and may accept such proof as it shall consider proper.

SECTION 13.10 Binding Effect of Resolutions. Every resolution passed by the Holders of the specified percentage at a meeting of the Holders of Securities of one or more series held in accordance with the provisions herein contained shall be binding upon all the Holders of Securities of such series, whether present at or absent from such meeting, and every instrument in writing signed by Holders of the specified percentage of Securities of one or more series in accordance with Section 13.07 shall be binding upon all the Holders of Securities of such series, whether signatories thereto or not, and each and every Holder of Securities of such series and the Trustee (subject to the provisions for its indemnity herein contained) shall be bound to give effect thereto accordingly.

SECTION 13.11 No Delay of Rights. Nothing contained in this Article shall be deemed or construed to authorize or permit, by reason of any call of a meeting of the Holders of the Securities of one or more series, or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders of the Securities of such series under any of the provisions of this Indenture or of the Securities of such series.

SECTION 13.12 Waiver of Jury Trial. Each of the Corporation and the Trustee hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Indenture, the Securities or the transactions contemplated hereby.

ARTICLE XIV

REPAYMENT AT OPTION OF HOLDERS

SECTION 14.01 Applicability of Article. Repayment of Securities of any series before their Stated Maturity at the option of Holders thereof shall be made in accordance with the terms of such Securities and (except as otherwise specified as contemplated by Section 3.01 for Securities of any series) in accordance with this Article.

SECTION 14.02 Repayment of Securities. Securities of any series subject to repayment in whole or in part at the option of the Holders thereof will, unless otherwise provided in the terms of such Securities, be repaid at a price equal to the principal amount thereof, together with interest, if any, thereon accrued to the Repayment Date specified in or pursuant to the terms of such Securities. The Corporation covenants that on or before the Repayment Date it will deposit with the Trustee or with a Paying Agent (or, if the Corporation is acting as its own Paying Agent, segregate and hold in trust as provided in Section 9.05) an amount of money in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 3.01 for the Securities of such series and except, if applicable, as provided in Sections 3.11(b), 3.11(d) and 3.11(e)) sufficient to pay the principal (or, if so provided by the terms of the Securities of any series, a percentage of the principal) of and (except if the Repayment Date shall be an Interest Payment Date) accrued interest, if any, on, all the Securities or portions thereof, as the case may be, to be repaid on such date.

SECTION 14.03 Exercise of Option. Securities of any series subject to repayment at the option of the Holders thereof will contain an "Option to Elect Repayment" form on the reverse of such Securities. To be repaid at the option of the Holder, any Security so providing for such repayment, with the "Option to Elect Repayment" form on the reverse of such Security duly completed by the Holder (or by the Holder's attorney duly authorized in writing), must be received by the Corporation at the Place of Payment therefor specified in the terms of such Security (or at such other place or places or which the Corporation shall from time to time notify the Holders of such Securities) not earlier than 45 days nor later than 30 days prior to the Repayment Date. If less than the entire principal amount of such Security is to be repaid in accordance with the terms of such Security, the principal amount of such Security to be repaid, in increments of the minimum denomination for Securities of such series, and the denomination or denominations of the Security or Securities to be issued to the Holder for the portion of the principal amount of such Security surrendered that is not to be repaid, must be specified. The principal amount of any Security providing for repayment at the option of the Holder thereof may not be repaid in part if, following such repayment, the unpaid principal amount of such Security would be less than the minimum authorized denomination of Securities of the series of which such Security to be repaid is a part. Except as otherwise may be provided by the terms of any Security providing for repayment at the option of the Holder thereof, exercise of the repayment option by the Holder shall be irrevocable unless waived by the Corporation.

SECTION 14.04 When Securities Presented for Repayment Become Due and Payable. If Securities of any series providing for repayment at the option of the Holders thereof shall have been surrendered as provided in this Article and as provided by or pursuant to the terms of such Securities, such Securities or the portions thereof, as the case may be, to be

repaid shall become due and payable and shall be paid by the Corporation on the Repayment Date therein specified, and on and after such Repayment Date (unless the Corporation shall default in the payment of such Securities on such Repayment Date) such Securities shall, if the same were interest-bearing, cease to bear interest and the Coupons for such interest appertaining to any Unregistered Securities so to be repaid, except to the extent provided below, shall be void. Upon surrender of any such Security for repayment in accordance with such provisions, together with all Coupons, if any, appertaining thereto maturing after the Repayment Date, the principal amount of such Security so to be repaid shall be paid by the Corporation, together with accrued interest, if any, to the Repayment Date; provided, however, that Coupons whose Stated Maturity is on or prior to the Repayment Date shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 9.04) and, unless otherwise specified pursuant to Section 3.01, only upon presentation and surrender of such Coupons; and provided further that, in the case of Registered Securities, installments of interest, if any, whose Stated Maturity is on or prior to the Repayment Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 3.07.

If any Unregistered Security surrendered for repayment shall not be accompanied by all appurtenant Coupons maturing after the Repayment Date, such Security may be paid after deducting from the amount payable therefor as provided in Section 14.02 an amount equal to the face amount of all such missing Coupons, or the surrender of such missing Coupon or Coupons may be waived by the Corporation and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to the Trustee or any Paying Agent any such missing Coupon in respect of which a deduction shall have been made as provided in the preceding sentence, such Holder shall be entitled to receive the amount so deducted; provided, however, that interest represented by Coupons shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 9.04) and, unless otherwise specified as contemplated by Section 3.01, only upon presentation and surrender of those Coupons.

If the principal amount of any Security surrendered for repayment shall not be so repaid upon surrender thereof, such principal amount (together with interest, if any, thereon accrued to such Repayment Date) shall, until paid, bear interest from the Repayment Date at the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) set forth in such Security.

SECTION 14.05 Securities Repaid in Part. Upon surrender of any Registered Security which is to be repaid in part only, the Corporation shall execute and the Trustee shall authenticate, subject to the terms hereof, and deliver to the Holder of such Security, without service charge and at the expense of the Corporation, a new Registered Security or Securities of the same series, of any authorized denomination specified by the Holder, in an aggregate principal amount equal to and in exchange for the portion of the principal of such Security so surrendered which is not to be repaid.

ARTICLE XV

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 15.01 Disclosure of Names and Addresses of Holders. Every Holder of Securities or Coupons, by receiving and holding the same, agrees with the Company and the Trustee that none of the Company or the Trustee or any agent of either of them shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with Section 312 of the Trust Indenture Act, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Section 312(b) of the Trust Indenture Act.

SECTION 15.02 Reports by Trustee. Within 60 days after May 15 of each year commencing with the first May 15 after the first issuance of Securities pursuant to this Indenture, the Trustee shall transmit to the Holders, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act, a brief report dated as of such May 15 if required by Section 313(a) of the Trust Indenture Act.

SECTION 15.03 Reports by the Company. The Company shall:

(1) file with the Trustee, within 15 days after the Parent is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Parent may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or if the Parent is not required to file information, documents, or reports pursuant to either of such Sections, then the Company shall file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents, and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a debt security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations;

(3) transmit to all Holders, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Company pursuant to paragraphs (1) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

(4) Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

IN WITNESS WHEREOF the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By:_____

Name: Mark Erceg
Title: Executive Vice-President and Chief Financial Officer

By:_____

Name: Darren J. Yaworsky
Title: Vice-President and Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: _____

IN WITNESS WHEREOF the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By: _____

Executive Vice President and Cliief FinanciaJUfficer

By: Vice President and Treasurer

WELLS FARGO BANK, NATIONAL ASSO 4TION,
as Tru te\

By: _____

Martin Reel
Vice President

Exhibit 4.21

Dated as of September 11, 2015

CANADIAN PACIFIC RAILWAY COMPANY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

FIRST SUPPLEMENTAL INDENTURE

to the

TRUST INDENTURE

Dated as of September 11, 2015

THIS FIRST SUPPLEMENTAL INDENTURE (this "**First Supplemental Indenture**") dated as of September 11, 2015 between **CANADIAN PACIFIC RAILWAY COMPANY**, a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the "**Issuer**") and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

RECITALS OF THE ISSUER

WHEREAS, the Issuer and the Trustee entered into an Indenture, dated as of September 11, 2015 (the "**Original Indenture**"). Section 8.01(7) of the Original Indenture provides that the Issuer and the Trustee may, without the consent of any Holder, enter into a supplemental indenture to establish the form or terms of Securities of any series as permitted by Section 2.01 and 3.01 thereof.

WHEREAS, pursuant to Sections 2.01 and 3.01 of the Original Indenture, the Issuer desires to provide for the establishment of two series of Securities under the Original Indenture, and the forms and terms thereof, as hereinafter set forth.

WHEREAS, the Issuer has requested that the Trustee execute and deliver this First Supplemental Indenture. The Issuer has delivered to the Trustee an Opinion of Counsel and an Officers' Certificate pursuant to Sections 1.02 and 8.03 of the Original Indenture to the effect, among other things, that all conditions precedent provided for in the Indenture to the Trustee's execution and delivery of this First Supplemental Indenture have been complied with. All acts and things necessary have been done and performed to make this First Supplemental Indenture enforceable in accordance with its terms, and the execution and delivery of this First Supplemental Indenture has been duly authorized in all respects.

WHEREAS the proper officers of the Issuer have duly authorized the creation and issuance of two series of Securities to be designated as (i) 4.800% Notes due 2035 (the "**2035 Notes**"), to be initially limited (subject to the exceptions described herein and in the Original Indenture) to the aggregate principal amount of U.S.$300,000,000 and (ii) 6.125% Notes due 2115 (the "**2115 Notes**", and together with the 2035 Notes, the "**Notes**"), to be initially limited (subject to the exceptions described herein and in the Original Indenture) to the aggregate principal amount of U.S.$900,000,000; the further terms and conditions thereof being hereinafter set forth, all in accordance with a resolution of the directors of the Issuer;

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH: For and in consideration of the premises and the purchase of the Notes by the holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Notes, as follows:

1. INTERPRETATIONS AND AMENDMENTS

1.1 First Supplemental Indenture

As used herein "**First Supplemental Indenture**", "**hereto**", "**herein**", "**hereof**", "**hereby**", "**hereunder**" and similar expressions refer to this First Supplemental Indenture and not to any particular Article, Section or other portion hereof and include any and every instrument supplemental or ancillary hereto or in implementation hereof, and further include the terms of the Notes set forth in the form of Notes annexed as Schedule A-1 and Schedule A-2 hereto.

1.2 Definitions in First Supplemental Indenture

All terms contained in this First Supplemental Indenture which are defined in the Original Indenture and not defined herein shall, for all purposes hereof, have the meanings given to such terms in the Original Indenture, unless the context otherwise specifies or requires; provided, however, that notwithstanding the foregoing, the terms "**Issuer**" and "**Trustee**" shall have the respective meanings given to them in the Original Indenture.

1.3 Interpretation not Affected by Headings

The division of this First Supplemental Indenture into Articles and Sections, the provision of the table of contents hereto and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this First Supplemental Indenture.

2. NOTES

2.1 Form and Terms of Notes

There shall be and there is hereby created for issuance under the Original Indenture, as supplemented by this First Supplemental Indenture (i) a series of Securities which shall consist of an aggregate principal amount of U.S.$300,000,000 2035 Notes and (ii) a series of Securities which shall consist of an aggregate principal amount of U.S.$900,000,000 2115 Notes; provided, however, that if the Issuer shall, at any time after the date hereof, increase the principal amount of 2035 Notes or 2115 Notes which may be issued and issue such increased principal amount (or any portion thereof), then any such additional 2035 Notes or 2115 Notes, as applicable, so issued shall have the same form and terms (other than the date of issuance and the date from which interest thereon shall begin to accrue and, under certain circumstances, the first interest payment date), and shall carry the same right to receive accrued and unpaid interest, as the 2035 Notes or 2115 Notes theretofore issued; and provided, further, that, notwithstanding the foregoing, the Issuer shall not be entitled to increase the principal amount of 2035 Notes or 2115 Notes which may be issued or issue any such increased principal amount if the Issuer has effected satisfaction and discharge of the Indenture pursuant to Section 4.01 of the Original Indenture or defeasance or covenant defeasance pursuant to Article 12 of the Original Indenture.

The 2035 Notes will mature, and the principal of the 2035 Notes and accrued and unpaid interest thereon will be due and payable, on September 15, 2035, or such earlier date as the principal of any of the 2035 Notes may become due and payable in accordance with the provisions of the Original Indenture and this First Supplemental Indenture.

The 2115 Notes will mature, and the principal of the 2115 Notes and accrued and unpaid interest thereon will be due and payable, on September 15, 2115, or such earlier date as the principal of any of the 2115 Notes may become due and payable in accordance with the provisions of the Original Indenture and this First Supplemental Indenture.

The 2035 Notes and the 2115 Notes shall each bear interest on the principal amount thereof from September 11, 2015 or from the last date to which interest shall have been paid or duly made available for payment on the 2035 Notes or the 2115 Notes, as applicable, whichever is later, at the rate of (i) 4.800% per annum for the 2035 Notes and (ii) 6.125% per annum for the 2115 Notes, payable semi-annually in arrears on March 15 and September 15 (each, an "**Interest Payment Date**") in each year, commencing March 15, 2016 until the principal of and premium, if any, on the applicable series of Notes is paid or duly made available for payment; and should the Issuer at any time default in the payment of any principal of, or premium, if any, or interest on the 2035 Notes or the 2115 Notes, as applicable, when due, the Issuer shall pay interest (such interest to be payable on demand), to the extent permitted by law, on the amount in default at the same rate applicable to the series of Notes on which the Issuer defaulted. Interest on the 2035 Notes and 2115 Notes shall be computed on the basis of a 360-day year comprised of twelve 30-day months. The interest payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Original Indenture, be paid to the Persons in whose names the 2035 Notes and 2115 Notes (or one or more predecessor Notes) are registered at the close of business on February 28 and August 31 (the "**Regular Record Dates**"), as the case may be, immediately prior to such Interest Payment Date, regardless of whether any such Regular Record Date is a Business Day. Any such interest on the 2035 Notes and 2115 Notes not so punctually paid or duly provided for on any Interest Payment Date shall be payable, as applicable, as provided in the form of 2035 Note and form of 2115 Note annexed hereto as Schedule A-1 and Schedule A-2, respectively, to this First Supplemental Indenture.

The 2035 Notes and 2115 Notes constitute unsecured obligations of the Issuer and rank *pari passu* with all of its other unsecured and unsubordinated debt from time to time outstanding and *pari passu* with other notes issued pursuant to the Original Indenture.

For the purposes only of the disclosure required by the *Interest Act* (Canada), and without affecting the amount of interest payable to any holder of a Note or the calculation of interest on any Note, if the rate of interest on any Note is calculated on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

All payments of principal of and premium, if any, and interest on the Notes will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, and all references herein to "**United States dollars**", "**U.S.$**" or "**U.S. dollars**" shall be deemed to refer to such coin or currency of the United States of America.

The principal of and premium, if any, and interest on the Notes shall be payable, and the Notes may be surrendered for exchange, registration, transfer or discharge from

registration, at the Corporate Trust Office of the Trustee in the City of New York, New York, and in such other places as the Issuer may from time to time designate in accordance with the Original Indenture. The Trustee is hereby appointed as the initial Paying Agent, registrar and transfer agent for the Notes in the City of New York, New York.

The Notes of each series shall be issued only as fully registered Notes, without coupons, in denominations of U.S.$2,000 and integral multiples of U.S.$1,000 thereafter. Each series of Notes initially will be represented by one or more global Securities (collectively, the "**Global Notes**") registered in the name of The Depository Trust Company, as Depositary or its nominee, or a successor depositary or its nominee.

The certificates representing the Notes shall bear the following legend:

> "UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS CERTIFICATE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY DTC TO A NOMINEE OF DTC OR BY A NOMINEE OF DTC TO DTC OR ANOTHER NOMINEE OF DTC OR BY DTC OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY."

The 2035 Notes and the 2115 Notes and the certificate of authentication of the Trustee endorsed thereon shall be in the applicable forms set out in Schedule A-1 and Schedule A-2, respectively, to this First Supplemental Indenture with such appropriate insertions, omissions, substitutions and variations as the Trustee may approve and shall be numbered in such manner as the Trustee may approve, such approvals of the Trustee concerning any Note to be conclusively evidenced by its certification of such Note.

The Security Register referred to in Section 3.05 of the Original Indenture shall, with respect to the Notes of each series, be kept at the office or agency in the City of New York, New York that the Issuer may from time to time designate for such purpose (which shall initially be the Corporate Trust Office of the Trustee in the City of New York, New York), and at such other place or places as the Issuer with the approval of the Trustee may hereafter designate.

The Notes shall be subject to redemption at the option of the Issuer as provided in Article 3 (Optional Redemption of Notes) of this First Supplemental Indenture and Article 10 of the Original Indenture and the Notes shall be subject to repurchase by the Issuer as provided in Article 4 (Change of Control) of this First Supplemental Indenture. The Issuer shall not otherwise be required to redeem, purchase or repay Notes of either series pursuant to any mandatory redemption, sinking fund or analogous provision or at the option of the holders thereof. The Notes will not be convertible into or exchangeable for securities of any Person.

The Issuer shall be required to pay Additional Amounts as contemplated in Section 9.07 of the Original Indenture.

The Notes shall have the other terms and provisions set forth in the applicable forms of 2035 Notes and 2115 Notes attached hereto as Schedule A-1 and Schedule A-2,

respectively, to this First Supplemental Indenture with the same force and effect as if such terms and provisions were set forth in full herein.

2.2 Issuance of Notes

The 2035 Notes in the aggregate principal amount of U.S.$300,000,000 and the 2115 Notes in the aggregate principal amount of U.S.$900,000,000 shall each be executed on behalf of the Issuer by any two of the following officers: its Chairman of the Board, its President, any of its Vice Presidents, the Secretary, the Treasurer, or any of its Assistant Treasurers and delivered by the Issuer to the Trustee on the date of issue for authentication and delivery pursuant to and in accordance with the provisions of Section 3.02 of the Original Indenture and, upon the requirements of such provisions being complied with, such Notes shall be authenticated by or on behalf of the Trustee and delivered by it to or upon the Issuer Order of the Corporation without any further act or formality on the part of the Issuer. The Trustee shall have no duty or responsibility with respect to the use or application of any of the Notes so certified and delivered or the proceeds thereof.

3. OPTIONAL REDEMPTION OF NOTES

3.1 Redemption of Notes

Prior to March 15, 2035, (the date that is six months prior to the maturity date of the 2035 Notes), the Issuer may redeem the 2035 Notes, in whole or in part, at the option of the Issuer (in the manner and in accordance with and subject to the terms and provisions set forth in Article 10 of the Original Indenture), at any time or from time to time, at a Redemption Price equal to the greater of:

(a) 100% of the principal amount of the 2035 Notes to be redeemed; and

(b) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if the 2035 Notes matured on March 15, 2035 (the date that is six months prior to the maturity date of the 2035 Notes) (exclusive of any portion of the payments of interest accrued to the date of redemption) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield, plus 30 basis points,

plus, in each case, accrued and unpaid interest to but excluding the Redemption Date; provided that installments of interest on 2035 Notes which are due and payable on any date falling on or prior to a Redemption Date will be payable to the registered holders of such 2035 Notes (or one or more predecessor 2035 Notes), registered as such as of the close of business on the relevant Regular Record Dates.

On or after March 15, 2035, (the date that is six months prior to the maturity date of the 2035 Notes), the 2035 Notes will be redeemable, in whole or in part, at the option of the Issuer (in the manner and in accordance with and subject to the terms and provisions set forth in Article 10 of the Original Indenture), at any time or from time to time, at a Redemption Price

equal to 100% of the principal amount of the 2035 Notes to be redeemed, plus accrued and unpaid interest thereon to but excluding the date of redemption.

Prior to March 15, 2115, (the date that is six months prior to the maturity date of the 2115 Notes), the Issuer may redeem the 2115 Notes, in whole or in part, at the option of the Issuer (in the manner and in accordance with and subject to the terms and provisions set forth in Article 10 of the Original Indenture), at any time or from time to time, at a Redemption Price equal to the greater of:

(c) 100% of the principal amount of the 2115 Notes to be redeemed; and

(d) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if the 2115 Notes matured on March 15, 2115 (the date that is six months prior to the maturity date of the 2115 Notes) (exclusive of any portion of the payments of interest accrued to the date of redemption) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield, plus 50 basis points,

plus, in each case, accrued and unpaid interest to but excluding the Redemption Date; provided that installments of interest on 2115 Notes which are due and payable on any date falling on or prior to a Redemption Date will be payable to the registered holders of such 2115 Notes (or one or more predecessor 2115 Notes), registered as such as of the close of business on the relevant Regular Record Dates.

On or after March 15, 2115, (the date that is six months prior to the maturity date of the 2115 Notes), the 2115 Notes will be redeemable, in whole or in part, at the option of the Issuer (in the manner and in accordance with and subject to the terms and provisions set forth in Article 10 of the Original Indenture), at any time or from time to time, at a Redemption Price equal to 100% of the principal amount of the 2115 Notes to be redeemed, plus accrued and unpaid interest thereon to but excluding the date of redemption.

The Issuer will provide notice to the Trustee prior to the applicable Redemption Date of the calculation of the applicable Redemption Price.

3.2 Certain Additional Definitions

For the purposes of this First Supplemental Indenture, the following expressions shall have the following meanings:

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Notes to be redeemed (assuming, for this purpose, that such series of Notes matured on the applicable Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"Comparable Treasury Price" means (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers selected by the Issuer or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Issuer.

"**Par Call Date**" means, with respect to the 2035 Notes, March 15, 2035, the date that is six months prior to the maturity date of the 2035 Notes, and, with respect to the 2115 Notes, March 15, 2115, the date that is six months prior to the maturity date of the 2115 Notes.

"Reference Treasury Dealers" means each of Morgan Stanley & Co. LLC, HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC, Citigroup Global Markets Inc. and a Primary Treasury Dealer (as defined herein) selected by Wells Fargo Securities, LLC, and/or their affiliates which are primary U.S. government securities dealers in New York City (each, a "Primary Treasury Dealer"), and their respective successors, plus one other which is a primary U.S. Government securities dealer and its respective successors; provided, however, that if any of the foregoing ceases to be a Primary Treasury Dealer, the Issuer will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30 p.m. New York time on the third Business Day preceding such redemption date.

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

In the event that the Independent Investment Banker fails to provide the Trustee with the Reference Treasury Dealer Quotations, the Issuer will use commercially reasonable efforts to assist the Trustee in obtaining such quotations.

4. CHANGE OF CONTROL

4.1 Change of Control

(a) Upon the occurrence of a Change of Control Triggering Event in respect of a series of Notes, unless all Notes of such series have been called for redemption

pursuant to this Section 3.1, each Holder of Notes of such series shall have the right to require the Issuer to repurchase all or any part (equal to U.S.$2,000 or an integral multiple of U.S.$1,000 in excess thereof) of such Holder's Notes of such series at an offer price in cash equal to the Change of Control Payment.

(b) Within 30 days following any Change of Control Triggering Event, the Issuer shall send a notice to each Holder of Notes of the applicable series describing the transaction or transactions that constitute the Change of Control Triggering Event and specifying:

(i) that the Change of Control Offer is being made pursuant to this Section 4.1 and that all Notes tendered will be accepted for payment;

(ii) the Change of Control Payment and the purchase date, which shall be a Business Day no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date");

(iii) the CUSIP number for the Notes;

(iv) that any Note not tendered will continue to accrue interest;

(v) that, unless the Issuer defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(vi) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(vii) that Holders will be entitled to withdraw their election referred to in clause (vi) if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased;

(viii) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the

unpurchased portion of the Notes surrendered, which unpurchased portion will be equal to U.S.$2,000 in principal amount or an integral multiple of U.S.$1,000 in excess thereof; and

(ix) if such notice is mailed prior to the date of the occurrence of the Change of Control Triggering Event, that the Change of Control Offer is conditional on the Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date.

(c) The Issuer shall cause the Change of Control Offer to remain open for at least 20 Business Days or such longer period as is required by applicable law. The Issuer shall comply with the requirements of Rule 14e−1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes of the applicable series as a result of a Change in Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.1, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.1 by virtue of such conflict.

(d) On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(i) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

(e) The Paying Agent will promptly mail to each Holder of Notes of the applicable series properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and send (or cause to be transferred by book entry) to each Holder a new note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each new Note will be in a principal amount of U.S.$2,000 or an integral multiple of U.S.$1,000 in excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(f) The Issuer shall not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes the Change of Control Offer in

the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.1 applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under such Change of Control Offer.

(g) The Issuer may make a Change of Control Offer in advance of, but conditioned on, the occurrence of a Change of Control Triggering Event but otherwise in accordance with the provisions of this Section 4.1.

(h) The Issuer shall be solely responsible for monitoring the occurrence of a Change of Control Triggering Event.

4.2 Certain Additional Definitions

For the purposes of this First Supplemental Indenture, the following expressions shall have the following meanings:

"Below Investment Grade Rating Event" means the Notes of the applicable series are rated below an Investment Grade Rating by at least two out of three of the Rating Agencies (as defined below), if there are three Rating Agencies, or all of the Rating Agencies, if there are less than three Rating Agencies, (the ***"Required Threshold"***) on any date from the date of the public notice of an arrangement or transaction that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control, which 60-day period shall be extended if, by the end of the 60-day period, the rating of the Notes of such series is under publicly announced consideration for a possible downgrade by such number of Rating Agencies which, together with the Rating Agencies which have already lowered their ratings on the Notes of such series, as aforesaid, would aggregate in number the Required Threshold, such extension to continue for so long as consideration for a possible downgrade continues by such number of Rating Agencies which, together with the Rating Agencies which have already lowered their ratings on the Notes of such series, as aforesaid, would aggregate in number the Required Threshold.

"Change of Control" means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or amalgamation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its subsidiaries taken as a whole to any person (as such term is used in Section 13(d) of the Exchange Act) other than the Issuer, Canadian Pacific Railway Limited or any of the Issuer's or Canadian Pacific Railway Limited's subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or amalgamation) the result of which is that any person (as such term is used in Section 13(d) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of Canadian Pacific Railway Limited's voting shares; or (3) the first day on which a majority of the members of Canadian Pacific Railway Limited's Board of Directors are not Continuing Directors.

"Change of Control Offer" means an offer to repurchase Notes pursuant to Section 4.1 hereof.

"Change of Control Payment" means, with respect to Notes tendered for repurchase pursuant to a Change of Control Offer, an amount equal to 101% of the aggregate principal amount of such Notes plus accrued and unpaid interest thereon, if any, to the date of repurchase.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of Canadian Pacific Railway Limited who (i) was a member of such Board of Directors on the date of the issuance of the Notes; or (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of Canadian Pacific Railway Limited's proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

"DBRS" means DBRS Limited.

"Investment Grade Rating" means a rating equal to or higher than BBB (low) (or the equivalent) by DBRS, Baa3 (or the equivalent) by Moody's and BBB– (or the equivalent) by S&P.

"Moody's" means Moody's Investors Service, Inc.

"Rating Agencies" means (1) each of DBRS, Moody's and S&P; and (2) if one or more of DBRS, Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for any reason outside of the Issuer's control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, as amended, selected by the Issuer (by a resolution of its Board of Directors) as a replacement agency for one or more of DBRS, Moody's or S&P, as the case may be, or if a replacement agency is not selected, the remaining such agencies providing publicly available ratings of the Notes.

"Required Threshold" has the meaning set forth in the definition of Below Investment Grade Rating Event.

"S&P" means Standard & Poor's, a Division of The McGraw-Hill Companies, Inc.

5. [RESERVED]

6. GENERAL

6.1 Effectiveness This First Supplemental Indenture will become effective upon its execution and delivery.

6.2 Effect of Recitals

The recitals contained herein and in the Notes, except the Trustee's certificates of authentication, shall be taken as the statements of the Issuer, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Issuer of the Notes or the proceeds thereof. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture or of the Notes except that the Trustee represents that it is duly authorized to execute and deliver this First Supplemental Indenture, authenticate the Notes and perform its obligations under the Original Indenture and hereunder, and that the statements made by it or to be made by it in a Statement of Eligibility and Qualification on Form T-1 supplied to the Issuer are true and accurate.

6.3 Ratification of Original Indenture

The Original Indenture as supplemented by this First Supplemental Indenture is in all respects ratified and confirmed, and this First Supplemental Indenture shall be deemed part of the Original Indenture in the manner and to the extent herein and therein provided.

6.4 Limitation on Liability

The Trustee shall act at the direction of the requisite Holders without liability.

6.5 Jurisdiction

Each of the parties hereto hereby irrevocably consents to the jurisdiction of the courts of the State of New York and of any Federal Court located in the Borough of Manhattan in the State of New York in connection with any action, suit or other proceeding arising out of or relating to this First Supplemental Indenture or any action taken or omitted hereunder, and waives any claim of forum non conveniens and any objections as to laying of venue.

6.6 Governing Law This First Supplemental Indenture, the Original Indenture as supplemented hereby and the Notes shall be governed by and construed in accordance with the laws of the State of New York.

6.7 Severability

In case any provision in this First Supplemental Indenture, the Original Indenture as supplemented hereby or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

6.8 Acceptance of Trust

The Trustee hereby accepts the trusts in this First Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein before set forth in trust for the various Persons who shall from time to time be Holders subject to all the terms and conditions herein set forth.

6.9 Counterparts and Formal Date

This First Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date first above written.

IN WITNESS WHEREOF the parties hereto have executed this First Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By: _____
Name: Mark Erceg
Title: Executive Vice President and Chief Financial Officer

By: _____
Name: Da en J. Yaworsky
Title: Vice-President-and Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: _____

[Signature Page for the First Supplemental Indenture]

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY COMPANY

By: _____

Executive Vice President and Chief Financial Officer

By: _____

Vice President and Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: _____
Martin Reed
Vice President

TABLE OF CONTENTS

Page

Schedule A-1

See attached

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Corporation (as defined below) or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Unless and until it is exchanged in whole or in part for Securities (as defined herein) in definitive registered form, this certificate may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor Depositary or a nominee of such successor Depositary.

CANADIAN PACIFIC RAILWAY COMPANY

4.800% Notes due 2035

No. 1 US$300,000,000
CUSIP: 13645R AV6

Canadian Pacific Railway Company, a corporation duly organized and existing under the laws of Canada (herein called the "Corporation", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or its registered assigns, the principal sum of US$300,000,000 (THREE HUNDRED MILLION UNITED STATES DOLLARS) on September 15, 2035, at the office or agency of the Corporation referred to below, and to pay interest thereon on March 15, 2016 and semi-annually thereafter, on March 15 and September 15 in each year, from September 11, 2015, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the rate of 4.800% per annum, until the principal hereof is paid or duly provided for, and (to the extent lawful) to pay on demand interest on any overdue interest at the rate borne by the Securities from the date on which such overdue interest becomes payable to the date payment of such interest has been made or duly provided for. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security is registered at the close of business on the Regular Record Date for such interest, which shall be February 28 or August 31 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date, and such defaulted interest, and (to the extent lawful) interest on such defaulted interest at the rate borne by the Securities, may be paid to the Person in whose name this Security is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders

of Securities not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

(signature page to follow)

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed under its corporate seal.

Dated:

CANADIAN PACIFIC RAILWAY COMPANY

By _____

Name:
Title:

By _____

Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in, and issued under, the within-mentioned Indenture.

WELLS FARGO BANK,
NATIONAL ASSOCIATION
as Trustee

Dated: _____ By: _____
Authorized Signatory

[Reverse of Security]

This Security is one of a duly authorized issue of securities of the Corporation designated as its 4.800% Notes due 2035 (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to US$300,000,000, which may be issued under an indenture dated as of September 11, 2015, among the Corporation and Wells Fargo Bank, National Association, as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture, as defined below), as supplemented by the First Supplemental Indenture, among the Corporation and the Trustee (as supplemented by the First Supplemental Indenture, the "Indenture"), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is a global Security representing US$300,000,000 aggregate principal amount of the Securities.

Payment of the principal of (and premium, if any, on) and interest on this Security will be made at the office or agency of the Corporation maintained or caused to be maintained for that purpose in New York, New York or at such other office or agency of the Corporation as may be maintained or caused to be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however*, that payment of the principal (and premium, if any) and interest may be made at the option of the Corporation (i) by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register or (ii) by wire transfer to an account maintained by the Person located in the United States entitled thereto as specified in the Security Register; *provided*, that principal paid in relation to any Security, redeemed at the option of the Corporation or upon Maturity, shall be paid to the Holder of such Security only upon presentation and surrender of such Security to such office or agency referred to above.

The Corporation will pay to the Holders such Additional Amounts as may be payable under Section 9.07 of the Indenture.

Prior to March 15, 2035 (the date that is six months prior to the maturity date of the Securities), the Corporation may redeem the Securities, in whole or in part, at the option of the Corporation, at any time or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Securities to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities to be redeemed that would be due if the Securities matured on March 15, 2035 (the date that is six months prior to the maturity date of the Securities) (exclusive of any portion of the payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield plus 30 basis points, plus, in the case of (1) and (2), accrued interest thereon to, but excluding, the date of redemption, all as provided in the Indenture.

On or after March 15, 2035 (the date that is six months prior to the maturity date of the Securities) the Corporation may redeem the Securities, in whole or in part, at a redemption price equal to 100% of the principal amount of the Securities to be redeemed, plus accrued and unpaid

interest thereon to, but excluding, the date of redemption.

Holders of Securities to be redeemed will receive notice of redemption delivered at least 30 and not more than 60 days prior to the date fixed for redemption.

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed (assuming, for this purpose, that the Securities matured on the Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities.

"Comparable Treasury Price" means (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers selected by the Corporation or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Corporation.

“Par Call Date” means March 15, 2035, the date that is six months prior to the maturity date of the Securities.

"Reference Treasury Dealers" means each of Morgan Stanley & Co. LLC, HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC, Citigroup Global Markets Inc. and a Primary Treasury Dealer (as defined below) selected by Wells Fargo Securities, LLC and/or their affiliates which are primary U.S. government securities dealers, and their respective successors, plus one other which is a primary U.S. Government securities dealer and its respective successors; provided, however, that if any of the foregoing ceases to be a primary U.S. government securities dealer in The City of New York (a “Primary Treasury Dealer”), the Corporation will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30p.m. New York time on the third business day preceding such redemption date.

The Securities are also subject to redemption as a whole but not in part, at the option of the Corporation, at any time, on not less than 30 nor more than 60 days' prior written notice to each Holder of Securities to be redeemed at such Holder's address appearing on the Security Register at a redemption price equal to 100% of the principal amount, together with accrued and unpaid interest to but excluding the date fixed for redemption, in the event there is more than an insubstantial risk that the Corporation has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Securities, any Additional Amounts as a result of any amendment or change in the laws (including any regulations promulgated thereunder) of Canada (or any political subdivision or taxing authority thereof or therein), or any amendment to or change in any official position regarding the application or interpretation of such laws or regulations, which change or amendment is announced or becomes effective on or after September 8, 2015, all as provided in Section 10.08 of the Indenture.

The Securities are also subject to redemption pursuant to Article 3 of the Seventh Supplemental Indenture.

In the case of any redemption of Securities, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record at the close of business on the relevant Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.

The Securities do not have the benefit of sinking fund obligations.

In the event of redemption of this Security in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Corporation on this Security and (b) certain restrictive covenants and the related Defaults and Events of Default, upon compliance by the Corporation with certain conditions set forth therein, which provisions apply to this Security.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of all affected Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities affected thereby, to waive compliance by the Corporation with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any

Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of (and premium, if any, on) and interest on this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable on the Security Register of the Corporation, upon surrender of this Security for registration of transfer at the office or agency of the Corporation maintained or caused to be maintained for such purpose in New York, New York duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form without coupons in denominations of US$2,000 and any integral multiple of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to the time of due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustees may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any agent shall be affected by notice to the contrary.

Interest on this Security shall be computed on the basis of a 360-day year of twelve 30-day months.

For the purposes only of the disclosure required by the *Interest Act* (Canada), and without affecting the amount of interest payable to any holder of a Security or the calculation of interest on any Security, if the rate of interest on any Security is calculated on the basis of a year which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

As provided for in the Indenture, the Corporation may, from time to time, without notice or consent of the Holders, create and issue additional Securities so that such additional Securities shall be consolidated and form a single series with the Securities initially issued by the Corporation and shall have the same terms as to status, redemption or otherwise as the Securities originally

issued.

If at any time, (i) the Depositary notifies the Corporation that it is unwilling or unable or no longer qualifies to continue as Depositary or if at any time the Depositary shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor depositary is not appointed by the Corporation within 90 days after the Corporation receives such notice or becomes aware of such condition, as the case may be, or (ii) the Corporation determines that the Securities shall no longer be represented by a global Security or Securities, then in such event the Corporation will execute and the Trustee will authenticate and deliver Securities in definitive registered form, in authorized denominations, and in an aggregate principal amount equal to the principal amount of this Security in exchange for this Security. Such Securities in definitive registered form shall be registered in such names and issued in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the Persons in whose names such Securities are so registered.

The Indenture and this Security shall be governed by and construed in accordance with the laws of the State of New York.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Schedule A-2

See attached

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Corporation (as defined below) or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Unless and until it is exchanged in whole or in part for Securities (as defined herein) in definitive registered form, this certificate may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor Depositary or a nominee of such successor Depositary.

CANADIAN PACIFIC RAILWAY COMPANY

6.125% Notes due 2115

No. 1 US$500,000,000
CUSIP: 13645R AX2

Canadian Pacific Railway Company, a corporation duly organized and existing under the laws of Canada (herein called the "Corporation", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or its registered assigns, the principal sum of US$500,000,000 (FIVE HUNDRED MILLION UNITED STATES DOLLARS) on September 15, 2115, at the office or agency of the Corporation referred to below, and to pay interest thereon on March 15, 2016 and semi-annually thereafter, on March 15 and September 15 in each year, from September 11, 2015, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the rate of 6.125% per annum, until the principal hereof is paid or duly provided for, and (to the extent lawful) to pay on demand interest on any overdue interest at the rate borne by the Securities from the date on which such overdue interest becomes payable to the date payment of such interest has been made or duly provided for. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security is registered at the close of business on the Regular Record Date for such interest, which shall be February 28 or August 31 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date, and such defaulted interest, and (to the extent lawful) interest on such defaulted interest at the rate borne by the Securities, may be paid to the Person in whose name this Security is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders

of Securities not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

(signature page to follow)

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed under its corporate seal.

Dated:

CANADIAN PACIFIC RAILWAY COMPANY

By _____

Name:
Title:

By _____

Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in, and issued under, the within-mentioned Indenture.

WELLS FARGO BANK,
NATIONAL ASSOCIATION
as Trustee

Dated: _____ By: _____
Authorized Signatory

[Reverse of Security]

This Security is one of a duly authorized issue of securities of the Corporation designated as its 6.125% Notes due 2115 (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to US$900,000,000, which may be issued under an indenture dated as of September 11, 2015, among the Corporation and Wells Fargo Bank, National Association, as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture, as defined below), as supplemented by the First Supplemental Indenture, among the Corporation and the Trustee (as supplemented by the First Supplemental Indenture, the "Indenture"), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is a global Security representing US$500,000,000 aggregate principal amount of the Securities.

Payment of the principal of (and premium, if any, on) and interest on this Security will be made at the office or agency of the Corporation maintained or caused to be maintained for that purpose in New York, New York or at such other office or agency of the Corporation as may be maintained or caused to be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however*, that payment of the principal (and premium, if any) and interest may be made at the option of the Corporation (i) by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register or (ii) by wire transfer to an account maintained by the Person located in the United States entitled thereto as specified in the Security Register; *provided*, that principal paid in relation to any Security, redeemed at the option of the Corporation or upon Maturity, shall be paid to the Holder of such Security only upon presentation and surrender of such Security to such office or agency referred to above.

The Corporation will pay to the Holders such Additional Amounts as may be payable under Section 9.07 of the Indenture.

Prior to March 15, 2115 (the date that is six months prior to the maturity date of the Securities), the Corporation may redeem the Securities, in whole or in part, at the option of the Corporation, at any time or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Securities to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities to be redeemed that would be due if the Securities matured on March 15, 2115 (the date that is six months prior to the maturity date of the Securities) (exclusive of any portion of the payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield plus 50 basis points, plus, in the case of (1) and (2), accrued interest thereon to, but excluding, the date of redemption, all as provided in the Indenture.

On or after March 15, 2115 (the date that is six months prior to the maturity date of the Securities) the Corporation may redeem the Securities, in whole or in part, at a redemption price equal to 100% of the principal amount of the Securities to be redeemed, plus accrued and unpaid

interest thereon to, but excluding, the date of redemption.

Holders of Securities to be redeemed will receive notice of redemption delivered at least 30 and not more than 60 days prior to the date fixed for redemption.

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed (assuming, for this purpose, that the Securities matured on the Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities.

"Comparable Treasury Price" means (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers selected by the Corporation or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Corporation.

“Par Call Date” means March 15, 2115, the date that is six months prior to the maturity date of the Securities.

"Reference Treasury Dealers" means each of Morgan Stanley & Co. LLC, HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC, Citigroup Global Markets Inc. and a Primary Treasury Dealer (as defined below) selected by Wells Fargo Securities, LLC and/or their affiliates which are primary U.S. government securities dealers, and their respective successors, plus one other which is a primary U.S. Government securities dealer and its respective successors; provided, however, that if any of the foregoing ceases to be a primary U.S. government securities dealer in The City of New York (a “Primary Treasury Dealer”), the Corporation will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30p.m. New York time on the third business day preceding such redemption date.

The Securities are also subject to redemption as a whole but not in part, at the option of the Corporation, at any time, on not less than 30 nor more than 60 days' prior written notice to each Holder of Securities to be redeemed at such Holder's address appearing on the Security Register at a redemption price equal to 100% of the principal amount, together with accrued and unpaid interest to but excluding the date fixed for redemption, in the event there is more than an insubstantial risk that the Corporation has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Securities, any Additional Amounts as a result of any amendment or change in the laws (including any regulations promulgated thereunder) of Canada (or any political subdivision or taxing authority thereof or therein), or any amendment to or change in any official position regarding the application or interpretation of such laws or regulations, which change or amendment is announced or becomes effective on or after September 8, 2015, all as provided in Section 10.08 of the Indenture.

The Securities are also subject to redemption pursuant to Article 3 of the Seventh Supplemental Indenture.

In the case of any redemption of Securities, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record at the close of business on the relevant Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.

The Securities do not have the benefit of sinking fund obligations.

In the event of redemption of this Security in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Corporation on this Security and (b) certain restrictive covenants and the related Defaults and Events of Default, upon compliance by the Corporation with certain conditions set forth therein, which provisions apply to this Security.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of all affected Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities affected thereby, to waive compliance by the Corporation with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any

Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of (and premium, if any, on) and interest on this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable on the Security Register of the Corporation, upon surrender of this Security for registration of transfer at the office or agency of the Corporation maintained or caused to be maintained for such purpose in New York, New York duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form without coupons in denominations of US$2,000 and any integral multiple of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to the time of due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustees may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any agent shall be affected by notice to the contrary.

Interest on this Security shall be computed on the basis of a 360-day year of twelve 30-day months.

For the purposes only of the disclosure required by the *Interest Act* (Canada), and without affecting the amount of interest payable to any holder of a Security or the calculation of interest on any Security, if the rate of interest on any Security is calculated on the basis of a year which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

As provided for in the Indenture, the Corporation may, from time to time, without notice or consent of the Holders, create and issue additional Securities so that such additional Securities shall be consolidated and form a single series with the Securities initially issued by the Corporation and shall have the same terms as to status, redemption or otherwise as the Securities originally

issued.

If at any time, (i) the Depositary notifies the Corporation that it is unwilling or unable or no longer qualifies to continue as Depositary or if at any time the Depositary shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor depositary is not appointed by the Corporation within 90 days after the Corporation receives such notice or becomes aware of such condition, as the case may be, or (ii) the Corporation determines that the Securities shall no longer be represented by a global Security or Securities, then in such event the Corporation will execute and the Trustee will authenticate and deliver Securities in definitive registered form, in authorized denominations, and in an aggregate principal amount equal to the principal amount of this Security in exchange for this Security. Such Securities in definitive registered form shall be registered in such names and issued in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the Persons in whose names such Securities are so registered.

The Indenture and this Security shall be governed by and construed in accordance with the laws of the State of New York.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Corporation (as defined below) or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Unless and until it is exchanged in whole or in part for Securities (as defined herein) in definitive registered form, this certificate may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor Depositary or a nominee of such successor Depositary.

CANADIAN PACIFIC RAILWAY COMPANY

6.125% Notes due 2115

No. 2 US$400,000,000
CUSIP: 13645R AX2

Canadian Pacific Railway Company, a corporation duly organized and existing under the laws of Canada (herein called the "Corporation", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or its registered assigns, the principal sum of US$400,000,000 (FOUR HUNDRED MILLION UNITED STATES DOLLARS) on September 15, 2115, at the office or agency of the Corporation referred to below, and to pay interest thereon on March 15, 2016 and semi-annually thereafter, on March 15 and September 15 in each year, from September 11, 2015, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the rate of 6.125% per annum, until the principal hereof is paid or duly provided for, and (to the extent lawful) to pay on demand interest on any overdue interest at the rate borne by the Securities from the date on which such overdue interest becomes payable to the date payment of such interest has been made or duly provided for. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security is registered at the close of business on the Regular Record Date for such interest, which shall be February 28 or August 31 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date, and such defaulted interest, and (to the extent lawful) interest on such defaulted interest at the rate borne by the Securities, may be paid to the Person in whose name this Security is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders

of Securities not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

(signature page to follow)

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed under its corporate seal.

Dated:

CANADIAN PACIFIC RAILWAY COMPANY

By _____

Name:
Title:

By _____

Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in, and issued under, the within-mentioned Indenture.

WELLS FARGO BANK,
NATIONAL ASSOCIATION
as Trustee

Dated: _____ By: _____
Authorized Signatory

[Reverse of Security]

This Security is one of a duly authorized issue of securities of the Corporation designated as its 6.125% Notes due 2115 (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to US$900,000,000, which may be issued under an indenture dated as of September 11, 2015, among the Corporation and Wells Fargo Bank, National Association, as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture, as defined below), as supplemented by the First Supplemental Indenture, among the Corporation and the Trustee (as supplemented by the First Supplemental Indenture, the "Indenture"), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is a global Security representing US$400,000,000 aggregate principal amount of the Securities.

Payment of the principal of (and premium, if any, on) and interest on this Security will be made at the office or agency of the Corporation maintained or caused to be maintained for that purpose in New York, New York or at such other office or agency of the Corporation as may be maintained or caused to be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however*, that payment of the principal (and premium, if any) and interest may be made at the option of the Corporation (i) by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register or (ii) by wire transfer to an account maintained by the Person located in the United States entitled thereto as specified in the Security Register; *provided*, that principal paid in relation to any Security, redeemed at the option of the Corporation or upon Maturity, shall be paid to the Holder of such Security only upon presentation and surrender of such Security to such office or agency referred to above.

The Corporation will pay to the Holders such Additional Amounts as may be payable under Section 9.07 of the Indenture.

Prior to March 15, 2115 (the date that is six months prior to the maturity date of the Securities), the Corporation may redeem the Securities, in whole or in part, at the option of the Corporation, at any time or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Securities to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities to be redeemed that would be due if the Securities matured on March 15, 2115 (the date that is six months prior to the maturity date of the Securities) (exclusive of any portion of the payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield plus 50 basis points, plus, in the case of (1) and (2), accrued interest thereon to, but excluding, the date of redemption, all as provided in the Indenture.

On or after March 15, 2115 (the date that is six months prior to the maturity date of the Securities) the Corporation may redeem the Securities, in whole or in part, at a redemption price equal to 100% of the principal amount of the Securities to be redeemed, plus accrued and unpaid

interest thereon to, but excluding, the date of redemption.

Holders of Securities to be redeemed will receive notice of redemption delivered at least 30 and not more than 60 days prior to the date fixed for redemption.

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed (assuming, for this purpose, that the Securities matured on the Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities.

"Comparable Treasury Price" means (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers selected by the Corporation or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by the Corporation.

“Par Call Date” means March 15, 2115, the date that is six months prior to the maturity date of the Securities.

"Reference Treasury Dealers" means each of Morgan Stanley & Co. LLC, HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC, Citigroup Global Markets Inc. and a Primary Treasury Dealer (as defined below) selected by Wells Fargo Securities, LLC and/or their affiliates which are primary U.S. government securities dealers, and their respective successors, plus one other which is a primary U.S. Government securities dealer and its respective successors; provided, however, that if any of the foregoing ceases to be a primary U.S. government securities dealer in The City of New York (a “Primary Treasury Dealer”), the Corporation will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30p.m. New York time on the third business day preceding such redemption date.

The Securities are also subject to redemption as a whole but not in part, at the option of the Corporation, at any time, on not less than 30 nor more than 60 days' prior written notice to each Holder of Securities to be redeemed at such Holder's address appearing on the Security Register at a redemption price equal to 100% of the principal amount, together with accrued and unpaid interest to but excluding the date fixed for redemption, in the event there is more than an insubstantial risk that the Corporation has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Securities, any Additional Amounts as a result of any amendment or change in the laws (including any regulations promulgated thereunder) of Canada (or any political subdivision or taxing authority thereof or therein), or any amendment to or change in any official position regarding the application or interpretation of such laws or regulations, which change or amendment is announced or becomes effective on or after September 8, 2015, all as provided in Section 10.08 of the Indenture.

The Securities are also subject to redemption pursuant to Article 3 of the Seventh Supplemental Indenture.

In the case of any redemption of Securities, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record at the close of business on the relevant Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.

The Securities do not have the benefit of sinking fund obligations.

In the event of redemption of this Security in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Corporation on this Security and (b) certain restrictive covenants and the related Defaults and Events of Default, upon compliance by the Corporation with certain conditions set forth therein, which provisions apply to this Security.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of all affected Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities affected thereby, to waive compliance by the Corporation with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any

Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of (and premium, if any, on) and interest on this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable on the Security Register of the Corporation, upon surrender of this Security for registration of transfer at the office or agency of the Corporation maintained or caused to be maintained for such purpose in New York, New York duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form without coupons in denominations of US$2,000 and any integral multiple of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to the time of due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustees may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any agent shall be affected by notice to the contrary.

Interest on this Security shall be computed on the basis of a 360-day year of twelve 30-day months.

For the purposes only of the disclosure required by the *Interest Act* (Canada), and without affecting the amount of interest payable to any holder of a Security or the calculation of interest on any Security, if the rate of interest on any Security is calculated on the basis of a year which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

As provided for in the Indenture, the Corporation may, from time to time, without notice or consent of the Holders, create and issue additional Securities so that such additional Securities shall be consolidated and form a single series with the Securities initially issued by the Corporation and shall have the same terms as to status, redemption or otherwise as the Securities originally

issued.

If at any time, (i) the Depositary notifies the Corporation that it is unwilling or unable or no longer qualifies to continue as Depositary or if at any time the Depositary shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor depositary is not appointed by the Corporation within 90 days after the Corporation receives such notice or becomes aware of such condition, as the case may be, or (ii) the Corporation determines that the Securities shall no longer be represented by a global Security or Securities, then in such event the Corporation will execute and the Trustee will authenticate and deliver Securities in definitive registered form, in authorized denominations, and in an aggregate principal amount equal to the principal amount of this Security in exchange for this Security. Such Securities in definitive registered form shall be registered in such names and issued in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the Persons in whose names such Securities are so registered.

The Indenture and this Security shall be governed by and construed in accordance with the laws of the State of New York.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Exhibit 4.22

Dated as of November 24, 2015

CANADIAN PACIFIC RAILWAY LIMITED
as Guarantor

and

CANADIAN PACIFIC RAILWAY COMPANY
as Issuer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Trustee

SECOND SUPPLEMENTAL INDENTURE

to the

TRUST INDENTURE

Dated as of September 11, 2015

THIS SECOND SUPPLEMENTAL INDENTURE (this "**Second Supplemental Indenture**") dated as of November 24, 2015 between **CANADIAN PACIFIC RAILWAY LIMITED**, a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the "**Guarantor**"), **CANADIAN PACIFIC RAILWAY COMPANY**, a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the "**Issuer**"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America, having an office in the City of New York, in the State of New York (the "**Trustee**").

RECITALS OF THE ISSUER AND THE GUARANTOR

WHEREAS, the Issuer and the Trustee entered into an Indenture, dated as of September 11, 2015 (as supplemented, the "**Original Indenture**"). Section 8.01(2) of the Original Indenture provides that the Issuer and the Trustee may, without the consent of any Holder, enter into a supplemental indenture to add to the covenants of the Issuer for the benefit of the Holders of all or any series of the Securities.

WHEREAS, the Issuer and the Trustee have heretofore executed one supplemental indenture to the Original Indenture, providing for the establishment of the following series of Securities: (i) the 4.800% Notes due 2035, initially limited to the aggregate principal amount of U.S.$300,000,000, and (ii) the 6.125% Notes due 2115, initially limited to the aggregate principal amount of U.S.$900,000,000 (collectively, the "**Notes**").

WHEREAS, the foregoing series of Notes constitute all of the issued and outstanding series of Securities issued pursuant to the Original Indenture as of the date hereof.

WHEREAS, the Guarantor desires to fully and unconditionally guarantee the Notes (the "**Guarantee**"), and to provide therefor, the Guarantor has duly authorized the execution and delivery of this Second Supplemental Indenture.

WHEREAS, the Issuer has requested that the Trustee execute and deliver this Second Supplemental Indenture. The Issuer has delivered to the Trustee an Opinion of Counsel and an Officers' Certificate pursuant to Sections 1.02 and 8.03 of the Original Indenture to the effect, among other things, that all conditions precedent provided for in the Indenture to the Trustee's execution and delivery of this Second Supplemental Indenture have been complied with. All acts and things necessary have been done and performed to make this Second Supplemental Indenture enforceable in accordance with its terms, and the execution and delivery of this Second Supplemental Indenture has been duly authorized in all respects.

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE WITNESSETH: it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Notes, as follows:

1. INTERPRETATIONS AND AMENDMENTS

1.1 Second Supplemental Indenture

As used herein "**Second Supplemental Indenture**", "**hereto**", "**herein**", "**hereof**", "**hereby**", "**hereunder**" and similar expressions refer to this Second Supplemental Indenture and not to any particular Article, Section or other portion hereof and include any and every instrument supplemental or ancillary hereto or in implementation hereof.

1.2 Definitions in Second Supplemental Indenture

All terms contained in this Second Supplemental Indenture which are defined in the Original Indenture and not defined herein shall, for all purposes hereof, have the meanings given to such terms in the Original Indenture, unless the context otherwise specifies or requires.

1.3 Interpretation not Affected by Headings

The division of this Second Supplemental Indenture into Articles and Sections, the provision of the table of contents hereto and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Second Supplemental Indenture.

2. GUARANTEE

2.1 Agreement to Guarantee

The Guarantor hereby fully and unconditionally guarantees to each Holder of Notes, the due and punctual payment of the principal of, premium, if any, and interest on the Notes, the due and punctual payment of any sinking fund or analogous payments that may be payable with respect to such Notes and the due and punctual payment of any Additional Amounts that may be payable with respect to such Notes, when and as the same shall become due and payable, whether on the Stated Maturity, by declaration of acceleration, call for redemption or otherwise, according to the terms hereof and of the Original Indenture, as supplemented by the supplemental indentures heretofore executed by the Issuer and the Trustee. In case of the failure of the Issuer punctually to make any such payment of principal, premium, if any, or interest, or any such sinking fund or analogous payment that may be payable with respect to the Notes or any Additional Amounts that may be payable with respect to the Notes, the Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether on the Stated Maturity or by declaration of acceleration, call for redemption or otherwise, and as if such payment were made by the Issuer.

The Guarantor hereby agrees that its obligations hereunder shall be as if it were principal debtor and not merely surety, and shall be absolute and unconditional, irrespective of, and shall be unaffected by, any invalidity, irregularity or unenforceability of the Notes, the Original Indenture or this Second Supplemental Indenture, any failure to enforce the provisions of the Notes, the Original Indenture or this Second Supplemental Indenture, or any waiver, modification or indulgence granted to the Issuer with respect thereto or hereto, by the Holder of the Notes or the Trustee or any other circumstance which may otherwise constitute a legal or

equitable discharge of a surety or guarantor; provided, however, that, notwithstanding the foregoing, no such waiver, modification or indulgence shall, without the consent of the Guarantor, increase the principal amount of the Notes, or increase the interest rate thereon, or increase any premium payable upon redemption thereof, or alter the Stated Maturity thereof. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest or notice with respect to the Notes or the indebtedness evidenced thereby, or with respect to any sinking fund or analogous payment that may be payable with respect to the Notes or with respect to any Additional Amounts that may be payable with respect to the Notes and all demands whatsoever, and covenants that its obligations under this Section 2.1 will not be discharged except by payment in full of the principal of, premium, if any, and interest on and any Additional Amounts that may be payable with respect to the Notes.

The Guarantor shall be subrogated to all rights of each Holder of the Notes, the Trustee and any Paying Agent against the Issuer in respect of any amounts paid to such Holder by the Guarantor pursuant to the provisions of this Section 2.1; provided, however, that the Guarantor shall not be entitled to enforce or to receive any payments arising out of or based upon such right of subrogation until the principal of, premium, if any, and interest on all Notes of the same series issued under the Original Indenture, as supplemented by the supplemental indentures heretofore executed by the Issuer and the Trustee, and any sinking fund or analogous payments and Additional Amounts with respect to such Notes shall have been paid in full.

Any term or provision of the Original Indenture, as supplemented by the supplemental indentures heretofore executed by the Issuer and the Trustee, and this Second Supplemental Indenture to the contrary notwithstanding, the maximum aggregate amount of the Notes guaranteed hereunder by the Guarantor shall not exceed the maximum amount that can be hereby guaranteed by the Guarantor without rendering the Guarantee, as it relates to the Guarantor, voidable under applicable law relating to fraudulent conveyance, fraudulent transfer, corporate benefit, financial assistance or similar laws affecting the rights of creditors generally.

By executing this Second Supplemental Indenture, the Guarantor acknowledges and agrees that the obligations to compensate, reimburse, and indemnify the Trustee under the Original Indenture, including, without limitation, Section 6.03 of the Original Indenture, shall apply to the Guarantor and that the Guarantor and the Issuer, jointly and severally, are obligated to compensate, reimburse, and indemnify the Trustee in accordance with the terms of the Original Indenture, including, without limitation, Section 6.03 of the Original Indenture.

2.2 Additional Amounts

The obligations of the Issuer pursuant to Section 9.07 of the Original Indenture shall apply, *mutatis mutandis*, to the Guarantor.

2.3 Execution and Delivery

To evidence its Guarantee set forth in Section 2.1 hereof, the Guarantor hereby agrees that this Second Supplemental Indenture shall be executed on behalf of the Guarantor by one or more authorized officers or persons holding an equivalent title.

The Guarantor hereby agrees that its Guarantee set forth in Section 2.1 hereof shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Notes.

2.4 Release of Guarantee

The Guarantor will be released and relieved of its obligations under the Guarantee in respect of any series of the Notes, and such Guarantee will be terminated, upon receipt by the Trustee of a Corporation Order (without the consent of the Trustee) requesting such release, upon (i) satisfaction and discharge of the Original Indenture or (ii) defeasance or covenant defeasance with respect to any series of the Notes , in each case, under the terms of the Original Indenture. At the request of the Issuer, the Trustee shall execute and deliver an appropriate instrument evidencing such release.

3. GENERAL

3.1 Effectiveness

This Second Supplemental Indenture will become effective upon its execution and delivery.

3.2 Effect of Recitals

The recitals contained herein, shall be taken as the statements of the Issuer and the Guarantor, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Second Supplemental Indenture except that the Trustee represents that it is duly authorized to execute and deliver this Second Supplemental Indenture and to perform its obligations under the Original Indenture and hereunder and that the statements made by it or to be made by it in a Statement of Eligibility and Qualification on Form T-1 supplied to the Issuer are true and accurate as of the date thereof.

3.3 Ratification of Original Indenture

The Original Indenture as supplemented by this Second Supplemental Indenture is in all respects ratified and confirmed, and this Second Supplemental Indenture shall be deemed part of the Original Indenture in the manner and to the extent herein and therein provided.

3.4 Limitation on Liability

The Trustee shall act at the direction of the requisite Holders without liability.

3.5 Jurisdiction

Each of the parties hereto hereby irrevocably consents to the jurisdiction of the courts of the State of New York and of any Federal Court located in the Borough of Manhattan in the State of New York in connection with any action, suit or other proceeding arising out of or relating to this Second Supplemental Indenture or any action taken or omitted hereunder, and waives any claim of forum non conveniens and any objections as to laying of venue.

3.6 Governing Law This Second Supplemental Indenture (including the Guarantee provided herein), and the Original Indenture as supplemented hereby shall be governed by and construed in accordance with the laws of the State of New York.

3.7 Severability

In case any provision in this Second Supplemental Indenture (including the Guarantee provided herein) or in the Original Indenture as supplemented hereby shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

3.8 Acceptance of Trust

The Trustee hereby accepts the trusts in this Second Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein before set forth in trust for the various Persons who shall from time to time be Holders subject to all the terms and conditions herein set forth.

3.9 Counterparts and Formal Date

This Second Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date first above written.

IN WITNESS WHEREOF the parties hereto have executed this Second Supplemental Indenture on the date first above written.

CANADIAN PACIFIC RAILWAY LIMITED,
As Guarantor

By: /s/ Mark Erceg
Name: Mark Erceg
Title Executive Vice President and Chief Financial Officer

By: /s/ Darren J. Yaworsky
Name: Darren J. Yaworsky
Title Vice-President and Treasurer

CANADIAN PACIFIC RAILWAY COMPANY,
As Issuer

By: /s/ Mark Erceg
Name: Mark Erceg
Title Executive Vice President and Chief Financial Officer

By: /s/ Darren J. Yaworsky
Name: Darren J. Yaworsky
Title Vice-President and Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: /s/ Yana Kislenko
Name: Yana Kislenko
Title: Vice President

TABLE OF CONTENTS

Page

Exhibit 4.23

Dated as of December 18, 2015

CANADIAN PACIFIC RAILWAY LIMITED
as

Guarantor

and

CANADIAN PACIFIC RAILWAY COMPANY
as Issuer

GUARANTEE OF CANADIAN PACIFIC RAILWAY COMPANY'S PERPETUAL 4% CONSOLIDATED DEBENTURE STOCK

THIS GUARANTEE OF CANADIAN PACIFIC RAILWAY COMPANY'S PERPETUAL 4% CONSOLIDATED DEBENTURE STOCK (the **"Guarantee")** dated as of December 18, 2015 between **CANADIAN PACIFIC RAILWAY LIMITED,** a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the **"Guarantor")** and **CANADIAN PACIFIC RAILWAY COMPANY,** a corporation incorporated under the *Canada Business Corporations Act* and having its head office in the City of Calgary, in the Province of Alberta (the **"Issuer").**

RECITALS OF THE ISSUER AND THE GUARANTOR

WHEREAS, the Issuer has issued and there is outstanding £3,448,025 stated amount of Perpetual 4% Consolidated Debenture Stock denominated in Sterling in registered form (the **"Sterling CDS")** and US$30,261,800 stated amount of Perpetual 4% Consolidated Debenture Stock denominated in U.S. dollars (the "U.S. **Dollar CDS"** and, collectively with the Sterling CDS, the **"Consolidated Debenture Stock"),** of which U.S. $28,985,300 stated amount is in registered form and US$1,276,500 stated amount is in bearer form with coupons attached.

WHEREAS, the Guarantor desires to fully and unconditionally guarantee the stated amounts of the Consolidated Debenture Stock and the interest payable in respect of the Consolidated Debenture Stock from time to time, and to provide therefor, the Guarantor has duly authorized the execution and delivery of this Guarantee.

NOW, THEREFORE, THIS GURANTEE WITNESSETH: that in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is covenanted and agreed, for the equal and proportionate benefit of all holders of the Consolidated Debenture Stock (each, a **"Holder"**), as follows:

1. GUARANTEE

1.1 Agreement to Guarantee

The Guarantor hereby fully and unconditionally guarantees to each Holder of Consolidated Debenture Stock, the due and punctual payment of the principal of and interest on the Consolidated Debenture Stock, when and as the same shall become due and payable, according to the terms hereof and the Consolidated Debenture Stock. In case of the failure of the Issuer to punctually make any such payment of principal or interest, the Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, as if such payment were made by the Issuer.

The Guarantor hereby agrees that its obligations hereunder shall be as if it were principal debtor and not merely surety, and shall be absolute and unconditional, irrespective of, and shall be unaffected by, any invalidity, irregularity or unenforceability of the Consolidated Debenture Stock, any failure to enforce the provisions of the Consolidated Debenture Stock, or any waiver, modification or indulgence granted to the Issuer with respect thereto or hereto, by the Holder of the Consolidated Debenture Stock or any other circumstance which may otherwise constitute a legal or equitable discharge of a surety or guarantor; provided, however, that,

notwithstanding the foregoing, no such waiver, modification or indulgence shall, without the consent of the Guarantor, increase the principal amount of the Consolidated Debenture Stock, or increase the interest rate thereon, or alter the maturity thereof. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest or notice with respect to the Consolidated Debenture Stock or the indebtedness evidenced thereby, and covenants that its obligations under this Section 1.1 will not be discharged except by payment in full of the principal of and interest on the Consolidated Debenture Stock.

The Guarantor shall be subrogated to all rights of each Holder of the Consolidated Debenture Stock, and any paying agent in respect thereof, against the Issuer in respect of any amounts paid to such Holder by the Guarantor pursuant to the provisions of this Section 1.1; provided, however, that the Guarantor shall not be entitled to enforce or to receive any payments arising out of or based upon such right of subrogation until the principal of and interest on the Consolidated Debenture Stock shall have been paid in full.

The maximum aggregate amount of the Consolidated Debenture Stock guaranteed hereunder by the Guarantor shall not exceed the maximum amount that can be hereby guaranteed by the Guarantor without rendering this Guarantee, as it relates to the Guarantor, voidable under applicable law relating to fraudulent conveyance, fraudulent transfer, corporate benefit, financial assistance or similar laws affecting the rights of creditors generally.

1.2 Execution and Delivery

To evidence its Guarantee set forth in Section 1.1 hereof, the Guarantor hereby agrees that this Guarantee shall be executed on behalf of the Guarantor by one or more authorized officers or persons holding an equivalent title.

The Guarantor hereby agrees that its Guarantee set forth in Section 1.1 hereof shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Consolidated Debenture Stock.

1.3 Release of Guarantee

The Guarantor will be released and relieved of its obligations under the Guarantee in respect of the Consolidated Debenture Stock to the same extent the Issuer is released and relieved of its obligations to Holders in respect of the Consolidated Debenture Stock. At the request of the Guarantor, the Issuer shall execute and deliver an appropriate instrument evidencing such release.

2. GENERAL

2.1 Effectiveness

This Guarantee will become effective upon its execution and delivery.

2.2 Jurisdiction

Each of the parties hereto hereby irrevocably consents to the jurisdiction of the courts of the State of New York and of any Federal Court located in the Borough of Manhattan in the State of New York in connection with any action, suit or other proceeding arising out of or relating to this Guarantee or any action taken or omitted hereunder, and waives any claim of forum non conveniens and any objections as to laying of venue.

2.3 Governing Law

This Guarantee shall be governed by and construed in accordance with the laws of the State of New York.

2.4 Severability

In case any provision in this Guarantee shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

2.5 Counterparts and Formal Date

This Guarantee may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date first above written.

IN WITNESS WHEREOF the parties hereto have executed this Guarantee on the date first above written.

CANADIAN PACIFIC RAILWAY LIMITED,
As Guarantor

By: /s/ Mark Erceg
Name: Mark Erceg
Title: Executive Vice President and Chief Financial Officer

By: /s/ Darren J. Yaworsky
Name: Darren J. Yaworsky
Title: Vice-President and Treasurer

Acknowledged and agreed by:

CANADIAN PACIFIC RAILWAY COMPANY,
As Issuer

By: /s/ Mark Erceg
Name: Mark Erceg
Title: Executive Vice President and Chief Financial Officer

By: /s/ Darren J. Yaworsky
Name: Darren J. Yaworsky
Title: Vice-President and Treasurer

Exhibit 10.1

12-18-14*

CP 401(k) SAVINGS PLAN

(As Amended and Restated Effective October 27, 2014
and Reflecting the Merger with the Soo Savings Plan for TCU Employees
and the Soo Line 401(k) Plan for Union Employees)

CP 401(k) SAVINGS PLAN

(As Amended and Restated Effective October 27, 2014)

Table of Contents

CP 401(k) SAVINGS PLAN

(As Amended and Restated Effective October 27, 2014)

ARTICLE I
GENERAL

Sec. 1.1 **Name of Plan**. Effective October 27, 2014, the name of the profit sharing plan set forth herein is the CP 401(k) Savings Plan. It is sometimes herein referred to herein as the "Plan". Prior to October 27, 2014, the Plan was known as the Canadian Pacific Savings Plan for U.S. Management Employees. Prior to that, the Plan was named the Canadian Pacific Railway Savings Plan for U.S. Management Employees. Prior to that the Plan was known as the CP Rail System Savings Plan for U.S. Management Employees and prior to that it was known as the Soo Line Railroad Savings Plan. Originally, the Plan was a stock bonus plan named the "Soo Line Railroad Tax Credit Employee Stock Ownership Plan". The stock bonus plan feature was terminated as of December 1, 1998.

Sec. 1.2 **Purpose**. The Plan has been established so that eligible employees may have an additional source of retirement income.

Sec. 1.3 **Effective Date**. The "Effective Date" of the Plan, the date as of which the Plan was established, is January 1, 1979. This restatement of the Plan is generally effective October 27, 2014 (unless otherwise noted) and incorporates all amendments adopted effective through October 27, 2014.

Sec. 1.4 **Company**. The "Company" is the Soo Line Railroad Company, a Minnesota corporation, and any Successor Employer thereof.

Sec. 1.5 **Participating Employer**. The Company is a Participating Employer in the Plan. With the consent of the Company, any other employer may also become a Participating Employer in the Plan effective as of a date specified by it in its adoption of the Plan. Any Successor Employer to a Participating Employer shall also be a Participating Employer in the Plan. As of October 27, 2014, the following are the only Participating Employers in the Plan:

(1) Soo Line Railroad Company

(2) Delaware and Hudson Railroad Company (effective January 18, 1991)

(3) Dakota, Minnesota & Eastern Railroad Corporation (effective December 13, 2013)

Canadian Pacific (U.S.) Finance ceased being a Participating Employer in the Plan as of December 31, 2004.

Sec. 1.6 **Participating Union**. "Participating Union" means any Union that adopts the Plan with the consent of the Company and pursuant to a collective bargaining agreement between the Participating Union and a Participating Employer.

Sec. 1.7 Construction and Applicable Law. The Plan is intended to meet the requirements for qualification under section 401(a) of the Code and the requirements for a qualified cash or deferred arrangement under section 401(k) of the Code. The Plan is also intended to be in full compliance with applicable requirements of ERISA. The Plan shall be administered and construed consistent with said intent. It shall also be construed and administered according to the laws of the State of Minnesota to the extent that such laws are not preempted by the laws of the United States of America. All controversies, disputes, and claims arising hereunder shall be submitted to the United States District Court for the District of Minnesota, except as otherwise provided in any trust agreement entered into with a Funding Agency.

Sec. 1.8 Benefit Determinations and Applicability of Amendments. Except as may be specifically provided herein to the contrary, benefits under the Plan attributable to service prior to a Participant's Termination of Employment shall be determined and paid in accordance with the provisions of the Plan as in effect as of the date the Termination of Employment occurred. Any amendment to the Plan shall apply only to benefits accrued by individuals who are employees of a Participating Employer or Affiliate on or after the effective date of such amendment, unless he or she becomes an Active Participant after that date and such active participation causes a contrary result under the provisions the Plan. Notwithstanding the foregoing:

(a) Certain provisions of the Plan have specific effective dates, which are noted in the particular provisions.

(b) Certain provisions of the 1994 amendment and restatement of the Plan were required as a result of federal statutes and regulations. In cases where these new legal requirements were applicable prior to January 1, 1994, the Plan has been and will be applied and interpreted in a manner that is consistent with a good faith interpretation of the applicable legal requirements.

(c) Certain provisions of the 1998 and 2002 amendment and restatements of the Plan were intended to reflect and comply with certain provisions of (and legal changes made by) the General Agreement on Trades and Tariffs contained in the Uruguay Round Agreements Act, P.L. 103-465 ("GATT"), the Small Business Job Protection Act of 1996, P.L. 104-88 ("SBJA"), the Taxpayer Relief Act of 1997, P.L.105-34 ("TRA 97"), the Internal Revenue Service Restructuring and Reform Act of 1998 ("RRA 98") and the Community Renewal Tax Relief Act of 2000 ("CRA") (the "GUST" requirements). Unless otherwise provided herein, these provisions are generally effective January 1, 1997. Some provisions of these Acts may not be reflected in this amendment and restatement because of delayed effective dates or because final regulations have not been issued interpreting and providing guidance with respect to this legislation. In the absence of explicit regulatory guidance, the Plan will be applied and interpreted in a manner that is consistent with a good faith interpretation of the legal requirements of these Acts.

(d) Notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with section 414(u) of the Code and the Uniformed Services Employment and Reemployment Rights Act of 1994, P.L. 103-353 ("USERRA"). In the absence of explicit regulatory guidance, the Plan will be applied and interpreted in a manner that is consistent with a good faith interpretation of the legal requirements of USERRA.

(e) Certain provisions of the 2002 restatement of the Plan were intended to reflect the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") and the Job Creation and Older Worker Assistance Act of 2002 ("JOCWA"). Unless otherwise provided herein (or by applicable law) these provisions were generally effective January 1, 2002. Some provisions of these Acts may not be reflected in the 2002 restatement of the Plan because of the delayed effective dates or because final regulations have not been issued interpreting and providing guidance with respect to this legislation. In the absence of explicit regulatory guidance, the Plan was applied and interpreted in a manner that was consistent with a good faith interpretation of the legal requirements of the above-referenced Acts. The 2002 restatement of the Plan, dated "2-21-02" was the subject of a favorable determination letter issued by the Internal Revenue Service on June 13, 2002 and was formally adopted by the Company on July 2, 2002.

(f) The restatement of the Plan dated "1-22-10" included all amendments adopted through December 31, 2009 and incorporated good faith amendments intended to reflect and comply with the provisions of EGTRRA, JOCWA the Pension Protection Act of 2006 ("PPA") and the Worker, Retiree and Employer Recovery Act of 2008 (the "HEART Act"). Unless stated otherwise or required by law, the effective date of the PPA and WRERA amendments is January 1, 2008. Unless otherwise stated or required by law, the effective date of the HEART Act amendments is January 1, 2007. The Plan shall be applied and interpreted in a manner that is consistent with a good faith interpretation of the requirements of the PPA, WRERA and the HEART Act. The "1-22-10" restatement of the Plan document was the subject of a favorable determination letter issued by the Internal Revenue Service on December 20, 2010, which confirmed its ongoing tax qualified status subject to the adoption of proposed amendments dated "4-22-10", which were timely adopted by the Company on March 11, 2011.

(g) The portion of the DM&E Employee Savings Plan attributable to salaried and hourly paid employees was merged into this Plan effective December 13, 2013. All salaried and non-union hourly paid participants in the DM&E Employee Savings Plan (the "DM&E Plan") became Participants in this Plan as of that date. In addition, all active salaried and non-union hourly paid participants in the DM&E Plan on December 13, 2013 became fully vested and have a non-forfeitable right to all amounts transferred from their accounts under the DM&E Plan to this Plan in connection with the merger. Former salaried and non-hourly

hourly paid employees of the DM&E who had a partially vested benefit under the DM&E Plan and are rehired by a Participating Employer within 60 months following their last termination of employment with the DM&E will have any unvested portion of their accounts under the DM&E Plan reinstated in their accounts under this Plan, which shall be fully vested.

(h) This restatement of the Plan dated "12-18-14" reflects the merger of the Soo Line 401(k) Plan for Union Employees (the "Union 401(k) Plan") and the Soo Savings Plan for TCU Employees (the "TCU Savings Plan") into this Plan effective October 27, 2014 and includes all amendments effective through October 27, 2014. In that regard, union represented participants in the DM&E Employee Savings Plan and the DM&E (T&E) Savings Plan were merged into the Union 401(k) Plan effective December 13, 2013. Qualified Employees in the Union 401(k) Plan and the TCU Savings Plan who had not satisfied the eligibility requirements of their respective Plan on October 27, 2014 remain subject to the eligibility requirements in effect prior to the October 27, 2014 merger.

* Sec. 2.11, which defines "Company Stock" and Sec. 6.2, "Investment Funds," have been corrected to refer to common stock of Canadian Pacific Railway Limited instead of Canadian Pacific Railway Company, effective as of July 1, 2014.

ARTICLE II
DEFINITIONS

Sec. 2.1 **Account**. "Account" means a Participant's or Beneficiary's interest in the Fund of any of the types described in Sec. 6.1.

Sec. 2.2 **Active Participant**. An employee is an "Active Participant" only while he or she is both a Participant and a Qualified Employee.

Sec. 2.3 **Affiliate**. "Affiliate" means any trade or business entity under Common Control with a Participating Employer, or under Common Control with a Predecessor Employer while it is such.

Sec. 2.4 **Before Tax Deposit**. A "Before Tax Deposit" is a contribution made on behalf of a Participant pursuant to Sec. 4.1.

Sec. 2.5 **Beneficiary**. "Beneficiary" means the person or persons designated as such pursuant to the provisions of Article VII.

Sec. 2.6 **Board**. The "Board" is the board of directors of the Company, and includes any executive committee thereof authorized to act for said board of directors.

Sec. 2.7 **Catch-Up Contributions**. A "Catch-Up Contribution" is a before-tax contribution made on behalf of a Participant pursuant to Sec. 4.3.

Sec. 2.8 **Certified Earnings**. "Certified Earnings" of a Participant from a Participating Employer for a Plan Year means the amount determined by the Participating Employer and reported to the Company to be the total earnings paid to the Participant by the Participating Employer during such Plan Year for service as an Active Participant, subject to the following:

(a) Bonuses shall not be included in Certified Earnings.

(b) Certified Earnings include Before Tax Deposits to this Plan and any contributions made by salary reduction to any other plan which meets the requirements of Code sections 125 or 401(k), whether or not such contributions are actually excludable from the Participant's gross income for federal income tax purposes. In addition, for Plan Years beginning on or after January 1, 2001, Certified Earnings shall include any salary reduction contributions to a qualified transportation fringe benefit program that are not includable in gross income pursuant to Code section 132(f)(4).

(c) Allowances or reimbursements for expenses (including but not limited to relocation expenses), severance pay, payments or employer contributions to or for the benefit of the employee under this Plan or any other deferred compensation, pension, profit sharing, insurance, or other employee benefit plan, purchase

discounts under (or payments from) the employee share purchase plan, stock options, stock appreciation rights or cash payments in lieu thereof, merchandise or service discounts, non-cash employee awards, benefits in the form of property or the use of property, earnings payable in a form other than cash, or other similar fringe benefits shall not be included in computing Certified Earnings, except as provided in subsection (b).

(d) A Participant's Certified Earnings for any Plan Year shall not exceed the annual compensation limit under Code section 401(a)(17) in effect for that year. For example, the Code section 401(a)(17) limit for the Plan Year beginning January 1, 2014 was Two Hundred and Sixty Thousand dollars ($260,000) and the limit for the 2015 Plan Year is Two Hundred and Sixty Five Thousand Dollars ($265,000). The Code section 401(a)(17) limit is subject to adjustment in future Plan Years for cost of living increases or otherwise. This subsection shall be applied in accordance with a good faith interpretation of regulations prescribed by the Secretary of Treasury and, unless such regulations provide otherwise, shall not require the limit on Certified Earnings to be pro-rated on a monthly basis or to be limited to the first $260,000 (or other annual limit then in effect) earned during a Plan Year.

(e) A Participant's Certified Earnings shall include the Certified Earnings that the Participant would have received during a period of qualified military service (or, if the amount of such Certified Earnings is not reasonably certain, the Participant's average earnings comprising Certified Earnings from all Participating Employers for the twelve-month period immediately preceding the Participant's period of qualified military service); but only if the Participant returns to work within the period during which his right to reemployment is protected by law or dies during the period of qualified military service. For purposes of this subsection, "qualified military service" shall mean any service in the uniformed services (as defined in chapter 43 of title 38, United States Code) where the Participant's right to reemployment is protected by law, including a period of military service where the Participant dies prior to the end of such military service and is thus unable to return to employment.

Sec. 2.9 **Code**. "Code" means the Internal Revenue Code of 1986 as from time to time amended.

Sec. 2.10 **Common Control**. A trade or business entity (whether a corporation, partnership, sole proprietorship or otherwise) is under "Common Control" with another trade or business entity (i) if both entities are corporations which are members of a controlled group of corporations as defined in Code section 414(b), or (ii) if both entities are trades or businesses (whether or not incorporated) which are under common control as defined in Code section 414(c), or (iii) if both entities are members of an affiliated service group as defined in Code section 414(m), or (iv) if both entities are required to be aggregated pursuant to regulations under Code section 414(o). Service for all entities under Common Control shall be treated as service for a single employer to the extent required by the Code; provided, however, that an individual

shall not be a Qualified Employee by reason of this section. In applying the first sentence of this section for purposes of Sec. 5.1, the provisions of subsections (b) and (c) of section 414 of the Code are deemed to be modified as provided in Code section 415(h).

Sec. 2.11 **Company Stock**. "Company Stock" means common stock of Canadian Pacific Railway Limited.

Sec. 2.12 **Company Stock Fund**. The "Company Stock Fund" is that portion of the entire Fund for the Plan which is invested primarily in Company Stock, and is available for Participant directed investment.

Sec. 2.13 **Employment Commencement Date**. "Employment Commencement Date" means the date on which an employee first becomes an employee of a Participating Employer (whether before or after the Participating Employer becomes such) or an Affiliate.

Sec. 2.14 **ERISA**. "ERISA" means the Employee Retirement Income Security Act of 1974 as from time to time amended.

Sec. 2.15 **Forfeitures**. "Forfeitures" (or "Forfeited") means that part of the Fund so recognized under Sec. 8.2(a), which provides for the forfeiture of non-vested employer Matching Contributions and any other amounts treated as Forfeitures under the terms of the Plan.

Sec. 2.16 **Fund**. "Fund" means the aggregate of assets described in Sec. 10.1.

Sec. 2.17 **Funding Agency**. "Funding Agency" is a trustee or trustees or an insurance company appointed and acting from time to time in accordance with the provisions of Sec. 10.2 for the purpose of holding, investing, and disbursing all or a part of the Fund.

Sec. 2.18 **Highly Compensated Employee**. Highly Compensated Employee" for any Plan Year means a Participant described in (a) or (b) below:

(a) The employee received Compensation (as defined in Sec. 5.1(e) of the Plan) of $115,000 or more for the prior Plan Year, subject to the following:

(1) The $115,000 amount shall be adjusted for cost of living increases after the 2014 Plan Year as provided in Code §414(q). For example, the Code §414(q) limit for the 2015 Plan Year is $120,000.

(2) The Company may elect to treat those employees, who receive Compensation equal to or in excess of the applicable limit under Code §414(q) (as adjusted for cost of living increases) but who are not among the top paid 20 percent of all employees, as Non-Highly Compensated Employees. Any such election shall be made in accordance with applicable regulations prescribed by the Internal Revenue Service. Currently, the Company is not making this election.

(b) The employee at any time during the current or prior Plan Year was a 5 percent owner as defined in Code §416(i)(1).

Sec. 2.19 **Hours of Service**. "Hours of Service" are determined according to the following subsections with respect to each applicable computation period. The Company may round up the number of Hours of Service at the end of each computation period or more frequently as long as a uniform practice is followed with respect to all employees determined by the Company to be similarly situated for compensation, payroll, and record keeping purposes.

(a) Hours of Service are computed only with respect to service with Participating Employers (for service both before and after the Participating Employer becomes such), Affiliates, members of the Affiliated Group and Predecessor Employers and are aggregated for service with all such employers.

(b) For any portion of a computation period during which a record of hours is maintained for an employee, Hours of Service shall be credited as follows:

(1) Each hour for which the employee is paid, or entitled to payment, for the performance of duties for his employer during the applicable computation period is an Hour of Service.

(2) Each hour for which the employee is paid, or entitled to payment, by his employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness incapacity (including disability), layoff, jury duty, military duty, or leave of absence, is an Hour of Service. Hours of Service shall not be credited under this paragraph with respect to payments under a plan maintained solely for the purpose of complying with applicable unemployment compensation or disability insurance laws or with respect to a payment which solely reimburses the individual for medical or medically related expenses incurred by the employer.

(3) Each hour credited for a period of time during which no duties are performed, but during which the employment relationship has not been terminated, during a period of excused absence, vacation, sick leave or jury duty is an Hour of Service. Such Hours of Service shall be credited on an assumed basis of a nine (9) hour workday and five (5) workdays per week. If an Hour of Service is creditable under both paragraph (2) and this paragraph (3), the employee shall be credited with Hours of Service under the computation which results in the most Hours of Service being credited to the employee.

(4) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the employer is an Hour of Service. Such Hours of Service shall be credited to the computation period or periods to

which the award or agreement for back pay pertains, rather than to the computation period in which the award, agreement, or payment is made. Crediting of Hours of Service for back pay awarded or agreed to with respect to periods described in paragraph (2) shall be subject to the limitations set forth therein.

(5) Hours under this subsection shall be calculated and credited pursuant to Section 2530.200b-2 of the Department of Labor Regulations, which are incorporated herein by this reference.

(6) The Company may use any records to determine Hours of Service which it considers an accurate reflection to the actual facts.

(c) For any portion of a computation period during which an employee is within a classification for which a record of hours for the performance of duties is not maintained, he shall be credited with 45 Hours of Service for each week for which he would otherwise be credited with at least one Hour of Service under subsection (b).

(d) Nothing in this section shall be construed as denying an employee credit for an Hour of Service if credit is required under Code Section 414(n) or by any other federal law. The nature and extent of such credit shall be determined under such other law.

(e) In no event shall duplicate credit as an Hour of Service be given for the same hour.

Sec. 2.20 **Investment Fund**. "Investment Fund" means any of the funds for investment of Plan assets established under Sec. 6.2.

Sec. 2.21 **Leased Employees**. "Leased Employees", within the meaning of Code section 414(n)(2) and individuals who would meet those requirements but for failure to complete a year of leased service, shall be counted as employees of the Company or a Participating Employer to the extent required by the Code or regulations issued thereunder. "Leased Employee" means any person (other than an employee of the recipient) who, pursuant to an agreement between the recipient and any other person ("leasing organization"), has performed services for the recipient (or for the recipient and related persons determined in accordance with Code section 414(n)(6)), on a substantially full-time basis for a period of at least one year, and such services are performed under primary direction or control by the recipient. Contributions or benefits provided a leased employee by the leasing organization which are attributable to service performed for the recipient employer shall be treated as provided by the recipient employer. Leased Employees are not Participants in the Plan, however, and are not eligible to make Before Tax Deposits or to receive Matching Contributions under the Plan.

Sec. 2.22 **Matching Contribution**. A "Matching Contribution" is an amount contributed by a Participating Employer pursuant to Sec. 4.4.

Sec. 2.23 **Named Fiduciary**. The Company is a "Named Fiduciary" for purposes of ERISA with authority to control or manage the operation and administration of the Plan, including control or management of the assets of the Plan. Other persons are also Named Fiduciaries under ERISA if so provided thereunder or if so identified by the Company, by action of the Board. Such other person or persons shall have such authority to control or manage the operation and administration of the Plan, including control or management of the assets of the Plan, as may be provided by ERISA or as may be allocated by the Company, by action of the Board.

Sec. 2.24 **Non-Highly Compensated Employee**. "Non-Highly Compensated Employee" means an Active Participant who is not a Highly Compensated Employee.

Sec. 2.25 **Normal Retirement Age**. "Normal Retirement Age" is age 65.

Sec. 2.26 **Participant**. A "Participant" is an individual described as such in Article III.

Sec. 2.27 **Plan Year**. The "Plan Year" is the 12-consecutive-month period commencing each January 1 and ending each December 31.

Sec. 2.28 **Predecessor Employer**. An employer shall be a Predecessor Employer if required by regulations prescribed by the Internal Revenue Service. In addition, any corporation, partnership, firm, or individual, a substantial part of the assets and employees of which are acquired by a successor is a "Predecessor Employer" subject to any conditions and limitations with respect thereto imposed by this section; provided, however, that any such corporation, partnership, firm or individual may be named as a Predecessor Employer only if all of its employees who at the time of the acquisition become employees of the successor and Participants hereunder are treated uniformly, the use of service with it does not produce discrimination in favor of Highly Compensated Employees, and there is no duplication of benefits for such service. To be considered a Predecessor Employer, the acquisition of assets and employees of a corporation, partnership, firm, or individual must be by a Participating Employer, by an Affiliate, or by another Predecessor Employer and, unless required by law, the Company recognizes that he entity is a Predecessor Employer for purposes of this Plan.

Sec. 2.29 **Qualified Employee**. "Qualified Employee" means an employee of a Participating Employer, subject to the following:

(a) An employee is not a Qualified Employee prior to the date as of which his or her employer becomes a Participating Employer. In that regard, Salaried and hourly paid employees of the Dakota, Minnesota and Eastern Railroad Corporation (the "DM&E") are Qualified Employees in this Plan effective December 13, 2013.

(b) Eligibility of employees in a collective bargaining unit to participate in the Plan shall be subject to negotiations with the representative of that Participating Union. During any period that an employee's wages and hours are covered by the

provisions of a collective bargaining agreement between his or her Participating Employer and a Participating Union, the employee will only be considered a Qualified Employee for purposes of this Plan if the agreement expressly so provides. For purposes of this section only, such an agreement shall be deemed to continue after its formal expiration during collective bargaining negotiations pending the execution of a new agreement. In that regard:

(1) Employees of the Dakota, Minnesota & Eastern Railroad Corporation (the "DM&E") whose wages and hours are covered by a collective bargaining agreement between their Participating Employer and a Participating Union as in effect on October 27, 2014 are Qualified Employees in this Plan as of that date, unless their collective bargaining agreement provides otherwise.

(2) Individuals who were Qualified Employees in either the Soo Savings Plan for TCU Employees or the Soo Line 401(k) Plan for Union Employees on October 26, 2014, became Qualified Employees in this Plan on October 27, 2014, as a result of the merger of those Plans into this Plan effective October 27, 2014, but only if the individual was employed by a Participating Employer on October 27, 2014.

(3) Employees hired on or after October 27, 2014, whose wages and hours are covered by the provisions of a collective bargaining agreement between a Participating Union and a Participating Employer are Qualified Employees, but only if their collective bargaining agreement provides for participation in this Plan.

(c) An employee shall be deemed to be a Qualified Employee during a period of absence from active service which does not result from his or her Termination of Employment, provided he or she is a Qualified Employee at the commencement of such period of absence.

(d) A nonresident alien while not receiving earned income (within the meaning of Code Section 911(b)) from a Participating Employer which constitutes income from sources within the United States (within the meaning of Code Section 861(a)(3)) is not a Qualified Employee.

(e) An employee is not a Qualified Employee unless his or her services are performed within the United States, or his or her principal base of operations to which he or she frequently returns is within the United States. Notwithstanding the foregoing, if a Participant would otherwise cease to be a Qualified Employee on or after July 1, 1991 because he or she was transferred to a position in Canada with a Participating Employer, he or she shall be deemed to be a Qualified Employee for up to 24 additional consecutive months following the transfer, provided he or she is employed by a Participating Employer during that period.

(f) Any individual designated by the Company as an "independent contractor" by payroll practice or otherwise is not a Qualified Employee (regardless of whether the individual is actually a common law employee) and is not eligible to make Before Tax Deposits or receive Matching Contributions.

Sec. 2.30 Recognized Break in Service. A "Recognized Break in Service" is a period of at least 12 consecutive months duration that begins on the day on which the individual's Termination of Employment occurs and during which the individual has no Hours of Service. A Recognized Break in Service ends, if ever, on the day on which the individual again performs an Hour of Service for a Participating Employer, an Affiliate or a Successor Employer. Notwithstanding the foregoing, if an individual is absent from work for maternity or paternity reasons, a period of up to 12 months beginning with the first day of such absence shall not count as part of a Recognized Break in Service.

For purposes of this Sec. 3.3 an absence from work for maternity or paternity reasons means an absence for one of the following reasons:

(a) Because the individual was pregnant;

(b) Because the individual gave birth to a child;

(c) Because the individual adopted a child or had a child placed with them for purposes of adoption; or

(d) Because the individual needs to care for the child for a period beginning immediately following a birth, adoption or placement described above.

Sec. 2.31 Sick Leave Deposits. "Sick Leave Deposits" is an amount contributed by a Participating Employer pursuant to Sec. 4.2.

Sec. 2.32 Successor Employer. A "Successor Employer" is any entity that succeeds to the business of a Participating Employer through merger, consolidation, acquisition of all or substantially all of its assets, or any other means and which elects before or within a reasonable time after such succession, by appropriate action evidenced in writing, to continue the Plan; provided, however, that in the case of such succession with respect to any Participating Employer other than the Company, the acquiring entity shall be a Successor Employer only if consent thereto is granted by the Company.

Sec. 2.33 Testing Wages. A Participant's "Testing Wages" for a Plan Year means the Participant's compensation for the Plan Year as reported on Internal Revenue Service form W-2 subject to the following:

(a) For purposes of applying the limitations of Sections 4.7 and 4.8, the Company may, on a uniform and nondiscriminatory basis, modify the definition of Testing Wages in any other way that satisfies the definition of "compensation" under Code section 414(s) or regulations issued thereunder. The same definition of

Testing Wages shall be used for all Participants for a particular year, but different definitions may be used for different years.

(b) For purposes of limitations of Sections 4.7 and 4.8, the Company may limit a Participant's Testing Wages to compensation received while the employee is a Participant.

(c) For purposes of satisfying Sec. 4.7 relating to the adjustment of contributions necessary to satisfy Code section 401(k), and Sec. 4.8 relating to the adjustment of contributions necessary to satisfy Code section 401(m), the Company shall determine whether Testing Wages for a Plan Year shall include Before Tax Deposits under this Plan and any other salary reduction contributions to any other Plan or arrangement which meets the requirements in Code section 401(k), 403(b) 132(f)(4), or 402(h)(1)(B), which are not includable in the Participant's gross income for the taxable year in which contributed. In addition, Testing Wages shall not exceed the limit as may be in effect under Code section 401(a)(17) for any given Plan Year.

(d) Effective January 1, 2009 "Testing Wages" includes any military differential pay paid to a Participant by a Participating Employer.

Sec. 2.34 Termination of Employment. The "Termination of Employment" of an employee for purposes of the Plan shall be deemed to occur upon resignation, discharge, retirement, death, failure to return to active work at the end of an authorized leave of absence or the authorized extension or extensions thereof, failure to return to work when duly called following a temporary layoff, a separation from service (for example, a furlough of one year or longer), the occurrence of a bodily injury or disease that the Company determines, in its sole discretion, makes the Participant permanently disabled from performing the normal duties of his or her position with the Company, or upon the happening of any other event or circumstance, which, under the policy of a Participating Employer or Affiliate as in effect from time to time, results in the termination of the employer-employee relationship; provided, however, that a Termination of Employment shall not be deemed to occur upon a transfer between any combination of Participating Employers and Affiliates. If the employer-employee relationship is terminated because of the entry of an employee into the armed forces of the United States and if the employee subsequently returns to employment with a Participating Employer or an Affiliate under circumstances such that he or she has reemployment rights under the provisions of any applicable federal law, for all purposes of the Plan and only for such purposes the employee shall be deemed to have been on authorized leave of absence during the period of military service. A change in employment status from a common law employee to a Leased Employee shall not constitute a Termination of Employment.

Sec. 2.35 Valuation Date. "Valuation Date" means the date on which the Fund and Accounts are valued as provided in Article VI. Each of the following is a Valuation Date:

(a) The last day of each quarter of the Plan Year.

(b) A more frequently occurring date, such as daily valuations, as designated by the Company in written notice to the Funding Agency, as the Company may consider necessary or advisable to provide for the orderly and equitable administration of the Plan.

Sec. 2.36 **Years of Vesting Service**. An individual's "Years of Vesting Service" are equal to the aggregate time elapsed between his or her original Employment Commencement Date and his or her most recent Termination of Employment or any other date as of which a determination of Years of Vesting Service is to be made, expressed in years and days, reduced by all Recognized Breaks in Service, subject to the following:

(a) Service prior to a Recognized Break in Service will not be excluded from a Participant's Years of Vesting Service regardless of the length of the Recognized Break in Service.

(b) For purposes of converting days into years, 365 days constitute one year.

ARTICLE III
PLAN PARTICIPATION

Sec. 3.1 **Entry Date**. "Entry Date" means the first day of each month. The Company may designate additional dates as Entry Dates.

Sec. 3.2 **Eligibility for Participation**. Effective October 27, 2014 and subject to Sec. 3.2(b) and Sec. 3.5 below, eligibility to participate in the Plan shall be determined as follows:

(a) An employee of a Participating Employer shall become a Participant in the Plan on the earliest Entry Date (on or after the date the Plan becomes effective with respect to his or her Participating Employer) on which all of the following requirements are met:

(1) The employee is a Qualified Employee.

(2) The employee has attained age 18.

(3) The employee has completed 30 days of employment with a Participating Employer or an Affiliate prior to the Entry Date.

(b) Salaried and hourly paid participants in the DM&E Employee Savings Plan became Participants in this Plan effective December 13, 2013, when the DM&E Plan was merged into this Plan.

(c) If a former Participant in this Plan or one of the DM&E Plans is reemployed, he or she will become a Participant on the date he or she again becomes a Qualified Employee in this Plan. The DM&E Plans include the DM&E Employee Savings Plan and the DM&E (T&E) Employee Savings Plan.

Sec. 3.3 **Duration of Participation**. A Participant shall continue to be such until the later of:

(a) The Participant's Termination of Employment.

(b) The date all benefits, if any, to which the Participant is entitled hereunder have been distributed from the Fund.

Sec. 3.4 **No Guarantee of Employment**. Participation in the Plan does not constitute a guarantee or contract of employment with the Participating Employers. Such participation shall in no way interfere with any rights the Participating Employers would have in the absence of such participation to determine the duration of an employee's employment.

Sec. 3.5 **Eligibility for Participation for TCU and Union 401(k) Employees**. The Soo Savings Plan for TCU Employees (the "TCU Savings Plan") and the Soo Line 401(k) Plan for Union Employees (the "Union 401(k) Plan") were merged into this Plan effective

October 27, 2014. As a result, individuals who had satisfied the eligibility requirements under either of those plans prior to the merger became Participants in this Plan on October 27, 2014. With respect to individuals who were Qualified Employees in either the TCU Savings Plan or the Union 401(k) Plan on October 26, 2014 but had not yet satisfied the eligibility requirements under their applicable Plan as of October 26, 2014, eligibility to participate in this Plan shall be determined as follows:

(a) Any such employee shall become a Participant in this Plan on the first day of the month on which all of the following requirements are met:

(1) The employee is a Qualified Employee in this Plan.

(2) The employee has attained age 18.

(3) Beginning on or after October 27, 2014, the employee has completed 30 days of employment with a Participating Employer:

For example, if an individual was a qualified employee in the TCU Savings Plan or the Union 401(k) Plan on October 26, 2014, but had not yet satisfied the eligibility requirement under the applicable plan, the individual will become a Participant in this Plan on December 1, 2014 (provided he or she had 30 days of service on or after October 27, 2014 and was still a Qualified Employee on December 1, 2014).

(b) If, however, a qualified employee in the Union 401(k) Plan would have become a Participant under the terms of that plan on November 1, 2014, he or she shall become a Participant in this Plan on November 1, 2014.

(c) If a former participant in the TCU Savings Plan or the Union 401(k) Plan is reemployed, he or she will become a Participant in this Plan on the date he or she again becomes a Qualified Employee in this Plan.

ARTICLE IV
DEPOSITS AND CONTRIBUTIONS

Sec. 4.1 **Before Tax Deposits**. Each Active Participant may elect to have his or her Participating Employer make Before Tax Deposits on his or her behalf, subject to the following:

(a) A Participant may elect to have his or her current earnings reduced by any whole percent the Participant may designate, but not exceeding fifty percent (50%) of Certified Earnings. The fifty percent limit may be applied to each payroll period. The election shall be in such form and subject to such rules and procedures as the Company may prescribe. Each election shall apply only to earnings which become payable after the election is made in accordance with rules established by the Company. Each election shall continue in effect until a new election is made pursuant to this section.

(b) Each Participating Employer will make a Before Tax Deposit with respect to each Participant in its employ who elects to have earnings for that period reduced pursuant to this section. The amount of the contribution will be equal to the amount by which the Participant's earnings were reduced.

(c) Subject to rules established by the Company, an Active Participant may increase, decrease, discontinue or reinstate his or her contribution rate for Before Tax Deposits.

(d) All Before Tax Deposits by a Participant shall cease when the Participant ceases to be a Qualified Employee.

(e) The sum of a Participant's Before Tax Deposits and Sick Leave Deposits for any calendar year may not exceed the limit under Code section 402(g) in effect for the Plan Year in which made, and shall cease at the point that limit is reached during the year. The limit under Code section 402(g) for any Plan Year shall be adjusted for any cost of living increases provided for any calendar year in accordance with regulations issued by the Secretary of the Treasury.

(f) Notwithstanding the foregoing provisions, if the Participant has received a hardship distribution from this Plan in accordance with Sec. 8.3(b) or from any other plan maintained by a Participating Employer or an Affiliate, no Before Tax Deposits or Sick Leave Deposits shall be made to this Plan on behalf of such Participant for six months following the date on which the hardship distribution was made. If a Participant's Before Tax Deposits or Sick Leave Deposits are suspended under this subsection (f), Before Tax Deposits and Sick Leave Deposits shall automatically recommence following the end of the six-month suspension period.

(g) Automatic Enrollment. Any Active Participant hired by a Participating Employer

on or after October 27, 2014 who does not affirmatively elect to make Before Tax Deposits shall be automatically enrolled in the Plan (as of the first pay period which is at least 30 days following the date he or she becomes eligible to participate in the Plan) at a Before Tax Deposit rate of three percent (3%) unless he or she affirmatively elects a different contribution rate (including a zero percent contribution rate) within 30 days following the date he or she becomes eligible to participate in the Plan, subject to the following:

(1) Certain Participants hired prior to October 27, 2014 will continue to be subject to automatic enrollment at the Before Tax Deposit (or salary reduction contribution) rate in effect under the terms of their plan in effect prior to October 27, 2014. In that regard:

(A) Participants in the Soo Savings Plan for TCU Employees were subject to automatic enrollment in that plan at a Before Tax Deposit rate of two percent (2%).

(B) Participants in the Soo Line 401(k) Plan for Union Employees represented by the United Transportation Union ("UTU") and whose date of hire with a Participating Employer was on or after June 1, 2010 (including rehires) were subject to automatic enrollment in that plan at a salary reduction contribution rate of two percent (2%).

(C) Participants in the Soo Line 401(k) Plan for Union Employees represented by the Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters ("BMWED") whose date of hire with a Participating Employer was on or after June 1, 2010 (including rehires) were subject to automatic enrollment in that plan at a salary reduction contribution rate of three percent (3%).

(D) Qualified Employees of the Dakota, Minnesota & Eastern Railroad Corporation (the "DM&E") whose Employment Commencement Date is on or after December 13, 2013 are subject to automatic enrollment in this plan at a Before Tax Deposit (or salary reduction) rate of three percent (3%).

(E) Qualified Employees in this Plan prior to October 27, 2014 were subject to automatic enrollment at a Before Tax Deposit rate of three percent (3%).

(2) A Participant who is automatically enrolled in the Plan may discontinue making Before Tax Deposits or change the rate of his or her Before Tax Deposits at any time subject to rules prescribed by the Company. These rules shall comply with the provisions of ERISA and the Code that apply

to automatic contribution arrangements.

(3) An automatic enrollment notice shall be provided to each Participant no less than 30 days nor more than 90 days before the first day of the Plan Year or, if later, 30 to 90 days before the first pay period for which the automatic enrollment takes effect.

(4) As provided in Sec. 6.3 of the Plan, the Participant may direct the investment of Before Tax Deposits credited to his or her Before Tax Account. In the absence of any investment direction by a Participant, the Participant's Before Tax Deposits shall be invested in a default Investment Fund designated by the Company pursuant to Sec. 6.2 of the Plan.

(5) This subsection (g) shall be administered and interpreted in a manner that is consistent with the provisions of ERISA and the Code that apply to automatic contribution arrangements. In that regard and by way of clarification, this automatic contribution arrangement is not intended to be an eligible automatic contribution arrangement ("EACA") or a qualified automatic contribution arrangement ("QACA").

Sec. 4.2 **Sick Leave Deposits**. Rule 58(i)(2), agreed to by the Company and the Transportation Communications International Union ("TCU") in 1985 (as amended by Article IV of the December 19, 1991 Agreement), permits a Participant who is covered by a collective bargaining agreement between the Company and the TCU ("TCU Participants") to elect to have his or her Participating Employer make Sick Leave Deposits to the Plan in lieu of days of unused sick leave. Each TCU Participant may elect to have his or her Participating Employer make Sick Leave Deposits up to the maximum amount available for him as specified by said Rule. Any Sick Leave Deposits shall be made by the Company at the time specified in the Rule and shall be credited to the TCU Participant's Account as provided in Sec. 4.10 and Article VI. No Matching Contributions shall be made with respect to Sick Leave Deposits.

Sec. 4.3 **Catch-Up Contributions**. If a Participant is, or will be, 50 or older on the last day of a Plan Year, and has contributed the full amount permitted under Sec. 4.1 or otherwise would have his or her Before Tax Deposits limited under Sec. 4.6, Sec. 4.7 or Sec. 5.1, he or she may make additional "Catch-Up Contributions", but not in excess of the amount determined from the following table:

Year	Maximum Amount
2014	$5,500
2015	$6,000 (adjusted for cost of living after 2015)

If a Participant's Before Tax Deposits would otherwise exceed any applicable limit imposed under the Plan or the Code for a Plan Year, the additional Catch-Up Contributions limit for that Plan Year shall automatically be applied to eliminate or minimize the need to return or otherwise

decrease the Participant's Before-Tax Deposits. Catch-Up Contributions shall not be taken into account under the Plan for purposes of implementing the required limitations of sections 402(g) and 415 of the Code. The Plan shall not be treated as failing to satisfy the requirements of section 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416 of the Code, as applicable, by reason of the making of such Catch-Up Contributions. Otherwise, Catch-Up Contributions are treated as Before Tax Deposits for purposes of the Plan, except that no Matching Contribution shall be made with respect to Catch-Up Contributions.

Sec. 4.4 **Matching Contributions**. Matching Contributions to this Plan will be made by the Participating Employers pursuant to the following:

(a) Each Participating Employer may, at its own discretion, make a Matching Contribution each payroll period on behalf of each Active Participant for whom a Before Tax Deposit is made. The Matching Contribution with respect to each such Active Participant, if made, shall be in an amount which is a percentage of the Before Tax Deposit with respect to the Active Participant. The contribution rate will be determined from time to time by each Participating Employer, and will remain in effect until the Participating Employer modifies it.

(b) Salaried and hourly paid employees of a Participating Employer who are not members of a collective bargaining unit are eligible to receive Matching Contributions.

(c) Participants whose wages and hours are subject to the terms of a collective bargaining agreement between their Participating Employer and a Participating Union are eligible to receive Matching Contributions only if their collective bargaining agreement so provides. As of December 13, 2013, only those union represented Participants employed by the Dakota, Minnesota & Eastern Railroad Corporation (DM&E) and represented by a Participating Union are eligible to receive Matching Contributions.

(d) No Matching Contribution will be made with respect to any amount by which a Participant's Before Tax Deposits are reduced or refunded to him or her pursuant to Sec. 4.5, Sec. 4.6 or Sec. 4.7. If any such contributions are actually made, they shall be treated as having been made by error and shall be forfeited.

(e) Matching Contributions shall be allocated and credited to Matching Contribution Accounts as provided in Sec. 4.10 and Sec. 6.1.

(f) No Matching Contributions shall be made for Catch-Up Contributions made pursuant to Sec. 4.3 or Sick Pay Deposits made pursuant to Sec. 4.2.

Sec. 4.5 **Reduction of Before Tax Deposits**. The Company may in its sole discretion reduce or limit, or direct a Participating Employer to limit, the amount of Before Tax Deposits for a Participant or a group of Participants to a whole or fractional percentage, which will enable the Plan to satisfy the requirements of Sec. 4.6, Sec. 4.7, Sec. 4.8 or Sec. 5.1.

Sec. 4.6 Limit on Before Tax and Sick Leave Deposits and Distribution of Excess Deferrals. The sum of a Participant's Before Tax Deposits and Sick Leave Deposits may not exceed the limit under Code section 402(g) in effect for the Plan Year in which they are made. Notwithstanding any other provisions of the Plan if the 402(g) limit is exceeded, Excess Deferrals for a calendar year and income or losses allocable thereto shall be distributed in the case of Before Tax Deposits, or recredited to the Participant as unused sick leave in the case of Sick Leave Deposits no later than the following April 15 to Participants who claim (or are deemed to have claimed) such Excess Deferrals, subject to the following:

(a) For purposes of this section, "Excess Deferrals" means the amount of Before Tax Deposits and/or Sick Leave Deposits for a calendar year that the Participant claims (or is deemed to have claimed) pursuant to the procedure set forth in subsection (b) because the total amount deferred, under this Plan and any other applicable plan, for the calendar year exceeds the limit imposed on the Participant for that year under Code section 402(g). The limit under Code section 402(g) for 2014 is $17,500. The 402(g) limit for 2015 is $18,000, and may be adjusted in subsequent years by Treasury Regulations or under the Code for cost-of-living adjustments or otherwise.

(b) The Participant's written claim, specifying the amount of the Participant's Excess Deferral for any calendar year, shall be submitted to the Company no later than the March 1 following such calendar year. The claim shall include the Participant's written statement that if such amounts are not distributed, such Excess Deferrals, when added to amounts deferred under other plans or arrangements described in Code section 401(k), 403(b), or 408(k), exceed the limit imposed on the Participant by Code section 402(g) for the year in which the deferral occurred. In the absence of such a claim, the Company may deem that a claim has been made to the extent that Before Tax Deposits and/or Sick Leave Deposits under this Plan exceed the limit under Code section 402(g).

(c) Excess Deferrals distributed to a Participant with respect to a calendar year shall be adjusted to include income or losses allocable thereto. The amount of income or loss shall be the pro-rata portion of the income or loss for the year which the Company determines fairly reflects the portion of the Plan's aggregate income or loss for the year attributable to the Excess Deferrals. With the exception of the 2007 Plan Year, however, any income or loss after the end of the year for which the contributions were made does not need to be included when calculating the amount of the distribution, unless the Plan is legally required to do so.

(d) The amount of Excess Deferrals and income allocable thereto which would otherwise be distributed pursuant to this section shall be reduced, in accordance with regulations, by the amount of excess Before Tax Deposits and income allocable thereto previously distributed to the Participant pursuant to Sec. 4.7 for the Plan Year and by the amount of any Sick Leave Deposits which are reduced and recredited to the Participant pursuant to Sec. 4.7 for the Plan Year.

(e) Any reductions required under this Sec. 4.6 shall be made from Before Tax Deposits before Sick Leave Deposits.

Sec. 4.7 Adjustment of Before Tax and Sick Leave Deposits if Required by Code Section 401(k). For purposes of non-discrimination testing under Code section 401(k), employees whose terms and conditions of employment are subject to a collective bargaining agreement shall be tested separately and any adjustments necessary to satisfy Code section 401(k) shall be made separately from the group of employees whose employment is not subject to a collective bargaining agreement. If necessary to satisfy the requirements of Code section 401(k), Before Tax Contributions and/or Sick Leave Deposits shall be adjusted in accordance with the following:

(a) If the requirements of either paragraph (1) or (2) are satisfied with respect to a Plan Year, then no further action is needed under this section:

(1) The average deferral percentage of Highly Compensated Employees for the current Plan Year is not more than 1.25 times the average deferral percentage of Non-Highly Compensated Employees for the immediately preceding Plan Year.

(2) The excess of the average deferral percentage of Highly Compensated Employees for the current Plan Year over the average deferral percentage of Non-Highly Compensated Employees for the immediately preceding Plan Year is not more than two percentage points, and the average deferral percentage of Highly Compensated Employees for the current Plan Year is not more than two times the average deferral percentage for Non-Highly Compensated Employees for the immediately preceding Plan Year.

For purposes of this subsection (a), average deferral percentages shall be calculated separately with respect to the employees represented by the Participating Unions and for salaried and hourly paid employees who are not represented by a Participating Union.

(b) The Company may elect to apply subsection (a) by using the average deferral percentage of Non-Highly Compensated Employees for the current Plan Year (rather than the prior Plan Year). Any such election shall be made in accordance with procedures prescribed by the Internal Revenue Service and can be revoked only in accordance with those procedures.

(c) Each Plan Year average deferral percentages for each separate group being tested will be determined as follows:

(1) A Participant's deferral percentage for a Plan Year is his or her Before Tax Deposits and Sick Leave Deposits for said Plan Year (including any Excess Deferrals distributed under Sec. 4.6), divided by his or her Testing Wages for said Plan Year.

(2) The average deferral percentage of Highly Compensated Employees for a Plan Year is the average of the individual percentages for all Highly Compensated Employees in the testing group who were Active Participants at any time during that Plan Year.

(3) The average deferral percentage of Non-Highly Compensated Employees for a Plan Year is the average of the individual percentages for Non-Highly Compensated Employees in the testing group who were Active Participants at any time during that Plan Year.

(4) When determining the average deferral percentage for Non-Highly Compensated Employees for the immediately preceding Plan Year, all individuals in the testing group who were Active Participants and Non-Highly Compensated Employees at any time during the preceding Plan Year are taken into account regardless of whether the individual is an Active Participant and/or a Non-Highly Compensated Employee for the current Plan Year.

(5) The individual and average deferral percentages shall be calculated to the nearest one-hundredth of one percent.

(d) At any time during the Plan Year, the Company may make an estimate of the amount of Before Tax Deposits and Sick Leave Deposits by Highly Compensated Employees that will be permitted under this section for the year and may limit, or direct any Participating Employer to limit, the Before Tax Deposits or Sick Leave Deposits for any such employee or employees to the extent the Company determines in its sole discretion to be necessary to satisfy at least one of the requirements in subsection (a). Alternatively, the Company can use any of the following techniques to satisfy at least one of the requirements in subsection (a):

(1) Separate testing for employees who have not reached age 21 and completed one year of service under either of the methods described in Treasury Regulations §1.401(k)-2(a)(1)(iii).

(2) Borrowing from Matching Contributions to help pass the actual deferral percentage test under Code §401(k)(3) to the extent permitted under Treasury Regulations.

(3) Using an alternative definition of compensation under Code §414(s) for Testing Wages, as provided in Sec. 2.33 of this Plan.

(4) Any other correction mechanism permitted under applicable guidance or regulations issued by the Department of Treasury or Internal Revenue Service.

(e) If neither of the requirements of subsection (a) is satisfied with respect to any group being tested, then the Before Tax Deposits and/or Sick Leave Deposits with respect to Highly Compensated Employees in the testing group shall be reduced as follows:

(1) Determine excess amount with respect to each Highly Compensated Employee. The Company will determine the maximum individual deferral percentage which could be allowed and still satisfy subsection (a)(1) or (a)(2) above. For each Highly Compensated Employee whose actual deferral percentage was higher than the maximum individual deferral percentage, the Company will determine the amount of excess Before Tax Deposits and Sick Leave Deposits (*i.e.*, the amount by which the individual's actual Before Tax Deposits and Sick Leave Deposits exceeds what the individual's Before Tax Deposits and Sick Leave Deposits would have been if the individual had contributed the maximum permitted individual deferral percentage).

(2) Add up excess amount for all Highly Compensated Employees. Rather than distributing the amounts determined in paragraph (1) above to the individuals whose Before Tax Deposits and Sick Leave Deposits exceeded the maximum permitted deferral percentage, these amounts will be added together to determine an aggregate amount of excess deferrals.

(3) Reduce Before Tax and Sick Leave Deposits. Before Tax Deposits and Sick Leave Deposits of the Highly Compensated Employee who contributed the highest dollar amount shall be reduced by the amount required to cause his or her Before Tax Deposits and Sick Leave Deposits to equal the amount contributed by the Highly Compensated Employee with the next highest dollar amount. Such reductions shall continue to be made until the aggregate amount of reductions equals the total determined in paragraph (2) above. For purposes of this paragraph (3), Before Tax Deposits shall be reduced before Sick Leave Deposits.

As noted above, any adjustments necessary to comply with Code §401(k) shall be determined and made separately with respect to employees covered under collective bargaining agreements and employees who are not covered under collective bargaining agreements.

(f) The portion of the Before Tax Deposits and/or Sick Leave Deposits with respect to a Highly Compensated Employee that are reduced pursuant to subsection (e) above (adjusted for income or losses allocable thereto) shall be distributed or recredited to the Participants (on whose behalf such excess contributions were made) no later than December 31 of the following Plan Year. Furthermore, the Company shall attempt to distribute (or recredit) such amount by March 15 of the following Plan Year to avoid the imposition on the Company of an excise tax under Code section 4979. Income or losses allocable to excess Before Tax

Deposits and/or Sick Leave Deposits shall equal the pro-rata portion of the income or loss for the year for which the contributions were made that the Company determines fairly reflects the portion of the Plan's aggregate income or loss for said year properly attributable to the excess contributions. Effective for the 2008 Plan Year and subsequent Plan Years, any income or loss after the close of the year ("gap period income") for which the contributions were made shall not be distributed unless the Plan is legally required to do so. The amount that would otherwise be distributed pursuant to this subsection shall be reduced by any Excess Deferrals (adjusted for income or loss) previously distributed to the Participant during the same Plan Year pursuant to Sec. 4.6. Before Tax Deposits shall be reduced before Sick Leave Deposits. Sick Leave Deposits that need to be reduced shall be recredited to the Participant as unused Sick Leave.

(g) The deferral percentage for any Participant who is a Highly Compensated Employee for the calendar year, and who is eligible to participate in two or more plans with cash or deferred arrangements described in Code Section 401(k) to which any Participating Employer or Affiliate contributes, shall be determined pursuant to applicable Treasury regulations.

(h) If two or more plans that include cash or deferred arrangements are considered as one plan for purposes of Code Section 401(a)(4) or Code Section 410(b), the cash or deferred arrangements shall be treated as one for the purposes of applying the provisions of this section unless mandatorily disaggregated pursuant to regulations under Code Section 401(k).

Sec. 4.8 Adjustment of Matching Contributions Required by Code Section 401(m). After the provisions of Sec. 4.6 and Sec. 4.7 have been satisfied, the requirements set forth in this section must also be met. Participants whose hours and wages are subject to a collective bargaining agreement between a Participating Union and a Participating Employer ("union employees") are not included when determining any adjustments required under Code section 401(m) or this Sec. 4.8.

If necessary to satisfy the requirements of Code section 401(m), Matching Contributions for non-union employees during a Plan Year shall be adjusted in accordance with the following:

(a) If the requirements of either paragraph (1) or (2) are satisfied, then no further action is needed under this section:

(1) The average contribution percentage of Highly Compensated Employees for the current Plan Year is not more than 1.25 times the average contribution percentage of Non-Highly Compensated Employees for the immediately preceding Plan Year.

(2) The excess of the average contribution percentage of Highly Compensated Employees for the current Plan Year over the average contribution percentage of Non-Highly Compensated Employees for the immediately

preceding Plan Year is not more than two percentage points, and the average contribution percentage of Highly Compensated Employees for the current Plan Year is not more than 2 times the average contribution percentage of Non-Highly Compensated Employees for the immediately preceding Plan Year.

(b) The Company may elect to apply subsection (a) by using the average contribution percentage of Non-Highly Compensated Employees for the immediately preceding Plan Year (rather than the current Plan Year). Any such election shall be made in accordance with procedures prescribed by the Internal Revenue Service.

(c) Average contribution percentages for a Plan Year will be determined as follows:

(1) A Participant's contribution percentage for a Plan Year is the amount in (A) divided by the amount in (B):

(A) The Participant's Matching Contributions for that Plan Year. The Company may also elect to include part or all of the Participant's Before Tax Deposits, provided that the requirements of Treasury Regulation §1.401(m)-2(a)(6) are satisfied and provided that the requirements of Sec. 4.7 are met before such contributions are used under this section and continue to be met after the exclusion of the Before Tax Deposits that are used to satisfy the requirements of this section.

(B) The Participant's Testing Wages for said Plan Year.

(2) The average contribution percentage for Highly Compensated Employees for a Plan Year is the average of the individual contribution percentages for all Highly Compensated Employees who were Active Participants at any time during that Plan Year.

(3) The average contribution percentage for Non-Highly Compensated Employees for a Plan Year is the overall average of the individual contribution percentages for all Non-Highly Compensated Employees who were Active Participants at any time during that Plan Year.

(4) When determining the average contribution percentage for Non-Highly Compensated Employees for the immediately preceding Plan Year, all individuals who were Active Participants and Non-Highly Compensated Employees at any time during the preceding Plan Year are taken into account, regardless of whether the individual is an Active Participant and/or a Non-Highly Compensated Employee for the current Plan Year.

(5) The individual and average contribution percentages shall be calculated to the nearest one-hundredth of one percent.

(d) At any time during the Plan Year, the Company may make an estimate of the amount of Matching Contributions on behalf of Highly Compensated Employees that will be permitted under this section for the year and may direct any Participating Employer to reduce the Matching Contribution for Highly Compensated Employees to the extent the Company determines in its sole discretion to be necessary to satisfy at least one of the requirements in subsection (a). Alternatively, the Company can use any of the following techniques to satisfy at least one of the requirements in subsection (a):

(1) Separate testing for employees who have not reached age 21 and completed one year of service under either of the methods described in Treasury Regulations §1.401(k)-2(a)(1)(iii).

(2) Borrowing from Before Tax Contributions to help pass the actual contribution percentage test under Code §401(m) to the extent permitted under Treasury Regulations.

(3) Using an alternative definition of compensation under Code §414(s) for testing purposes, as provided in Sec. 2.33 of this Plan.

(4) Any other correction mechanism permitted under applicable guidance or regulations issued by the Department of Treasury or Internal Revenue Service.

(e) If neither of the requirements of subsection (a) is satisfied, then Matching Contributions with respect to non-union represented Highly Compensated Employees shall be reduced as follows:

(1) Determine excess amount with respect to each Highly Compensated Employee. The Company will determine the maximum individual contribution percentage which could be allowed and still satisfy subsection (a)(1) or (a)(2) above. For each Highly Compensated Employee whose actual contribution percentage was higher than the maximum individual percentage, the Company will determine the amount of excess contributions (*i.e.* the amount by which the individual's actual Matching Contributions exceeds what they would have been if limited to the maximum permitted contribution percentage).

(2) Add up excess amount for Highly Compensated Employees. Rather than distribute amounts determined in paragraph (1) above to the individuals whose Matching Contributions exceeded the maximum permitted contribution percentage, these amounts will be added together to determine an aggregate amount of excess contributions.

(3) Reduce Matching Contributions. Matching Contributions of Highly Compensated Employees, who received the highest dollar amount of Matching Contributions, shall be reduced by the amount required to cause his or her Matching Contributions to equal the amount received by the Highly Compensated Employee with the next highest dollar amount of Matching Contributions. Such reductions shall continue to be made until the aggregate amount of reductions equals the total amount determined in paragraph (2) above.

(f) If contributions with respect to a Highly Compensated Employee are reduced pursuant to subsection (e), the excess contributions (adjusted for income or losses allocable thereto, determined in the same manner as provided in Sec. 4.7(f)) shall be subtracted from the Participant's Employer Matching Contribution Account and distributed to the Participant in the same manner described in Sec. 4.7(f).

(g) The contribution percentage for any Participant who is a Highly Compensated Employee for the year, and who is eligible to receive matching contributions under two or more plans described in Code Section 401(a) that are maintained by the Participating Employers or any Affiliate, shall be determined pursuant to applicable Treasury regulations.

(h) If two or more plans maintained by the Participating Employers or Affiliates are treated as one plan for purposes of satisfying the eligibility requirements of Code Section 410(b), those plans must be treated as one plan for purposes of applying the provisions of this section unless mandatorily disaggregated pursuant to regulations under Code Section 401(m).

Sec. 4.9 **Time for Payment of Deposits**. Before Tax Deposits by a Participating Employer for a Plan Year shall be paid to the Funding Agency as soon as practicable, but no later than the 15th business day of the month following the month in which the Before Tax Deposits were withheld from the Participant's pay. Sick Leave Deposits shall be paid to the Funding Agency no later than the time (including extensions) for filing the employer's federal income tax return for the tax year in which the Plan Year ends.

Sec. 4.10 **Allocations**. Contributions to the Plan shall be allocated to the Accounts of Participants as follows:

(a) Allocations shall be reflected in Accounts as provided in Article VI. For the purposes of allocating investment gains and losses pro rata adjustments will be made to Participants' Accounts in a fair, equitable and non-discriminatory manner to reflect the time when contributions were actually received by the Funding Agency and allocated to Participant's Accounts.

(b) Before Tax Deposits (including Catch-Up Contributions), Sick Leave Deposits and Matching Contributions with respect to a Plan Year that are deposited with

the Funding Agency after the end of that Plan Year shall also be allocated to the appropriate Accounts as of the last day of that Plan Year unless the Company determines that it is necessary to treat some or all of the Matching Contributions as being contributions for the Plan Year in which they are actually deposited with the Funding Agency.

Sec. 4.11 **Application of Forfeitures**. Forfeitures recognized with respect to a Plan Year may, at the Company's discretion, be applied in any of the following ways:

(a) Such amounts may be used to pay reasonable administrative expenses of the Plan to the extent permitted by ERISA.

(b) To the extent directed by the Company, such amounts may be applied to reinstate Forfeited Accounts as provided in Sec. 8.2(b).

(c) Such amounts may be credited against Matching Contributions to be made by the Participating Employers for the current Plan Year or for the next Plan Year. In making allocations to the Accounts of Participants, amounts credited against Matching Contributions shall have the same attributes as Matching Contributions.

(d) To the extent permissible under IRS guidance, such amounts may be used to make any corrective contributions to the Plan that may be necessary under the Internal Revenue Service voluntary correction program.

(e) Such amounts may be allocated among the Accounts of Active Participants employed on the last day of the Plan Year in the ratio that each such Active Participant's Eligible Earnings for the Plan Year bears to the total Certified Earnings of Active Participants that are employed on the last day of the Plan Year.

ARTICLE V
LIMITATION ON ALLOCATIONS

Sec. 5.1 **Limitation on Allocations**. Notwithstanding any provisions of the Plan to the contrary, allocations to Participants under the Plan shall not exceed the maximum amount permitted under Code section 415. For purposes of the preceding sentence, the following rules shall apply unless otherwise provided in Code section 415:

(a) The Annual Additions with respect to a Participant for any Plan Year (which is the "limitation year" for purposes of Code §415) shall not exceed the lesser of:

(1) $52,000, as adjusted pursuant to Code section 415(d) for any applicable cost of living increases after 2014. For example, the Code section 415 limit for 2015 will be $53,000.

(2) 100% of the Participant's Compensation for the Plan Year, as defined in subsection (e) hereof.

The compensation limit referred to in paragraph (2) shall not apply to any contribution for medical benefits after separation from service (within the meaning of Code section 401(h) or 419A(f)(2)) which is otherwise treated as an annual addition.

(b) If a Participant is also a participant in one or more other defined contribution plans maintained by a Participating Employer or an Affiliate, and if the amount of employer contributions and Forfeitures otherwise be allocated to the Participant for a Plan Year must be reduced to comply with the limitations under Code section 415, such allocations under this Plan and each of such other plans shall be reduced pro rata to the extent necessary to comply with said limitations, except that reductions to the extent necessary shall be made in allocations under profit sharing plans and stock bonus plans before any reductions are made under money purchase plans.

(c) If for any Plan Year the limitation described in subsection (a) would otherwise be exceeded with respect to any Participant:

(1) Excess Before Tax Deposits and any related investment earnings for any Participant who was age 50 or older on the last day of the Plan Year will be recharacterized as Catch-Up Deposits, but only to the extent that the recharacterized amount, when added to any other Catch-Up Deposits for the Participant, does not exceed the limit on Catch-Up Deposits under Sec. 4.10.

(2) Effective for the Plan Year beginning January 1, 2008 and each subsequent Plan Year, if there is any excess amount remaining after the adjustments in paragraph (1), any excess annual additions, which are due to operational error, shall be adjusted and self-corrected pursuant to the

Internal Revenue Service Employee Plans Compliance Resolution System. Such correction is to be made pursuant to procedures established by the Company and shall be completed by the close of the second Plan Year following the error.

(d) For purposes of this section, "Annual Additions" means the sum of the following amounts allocated to a Participant with respect to a Plan Year (whether or not the contribution is actually made during that Plan Year), under this Plan and all other defined contribution plans maintained by a Participating Employer or an Affiliate in which he or she participates:

(1) Employer contributions, including Matching Contributions, Before Tax Deposits and Sick Leave Deposits made under this Plan, other than "Catch-Up" Contributions under Sec. 4.3. Excess Before Tax Deposits, Sick Leave Deposits and Matching Contributions which are required to be distributed under the provisions of Sec. 4.7 or Sec. 4.8 are included as "Annual Additions".

(2) Forfeitures, if any.

(3) Voluntary, non-deductible contributions, if any.

(4) Amounts attributable to medical benefits as described in Code sections 415(1)(2) and 419A(d)(2).

Excess Deferrals (over the Code Section 402(g) limit) distributed pursuant to Sec. 4.6 are not Annual Additions. An Annual Addition with respect to a Participant's Accounts shall be deemed credited thereto with respect to a Plan Year if it is allocated to the Participant's Accounts under the terms of the Plan as of any date within such Plan Year.

(e) "Compensation" for purposes of applying the Code Section 415 limitations has the meaning set forth in Code Section 415(c)(3) and final regulations issued thereunder for the Plan Year, subject to the following:

(1) Subject to Paragraph (2) below, Compensation excludes employer contributions to a plan of deferred compensation which are not includable in the Participant's gross income for the taxable year in which contributed, and other amounts which received special tax benefits. However, any amounts received by a Participant pursuant to an unfunded non-qualified plan of deferred compensation are Compensation in the year such amounts are includable in the Participant's gross income.

(2) Salary reduction contributions to a cash or deferred arrangement under Code Section 401(k), a Code Section 403(b) Plan, a cafeteria plan under Code Section 125, or a plan of deferred compensation under Code Section

457 are includable as Compensation. Effective after December 31, 2000, Compensation shall include elective amounts that are not includable in the gross income of the employer under Code Section 132(f)(4).

(3) Compensation recognized for an employee for a Plan Year shall not exceed the limit in effect for that Plan Year under Code section 401(a)(17) as adjusted by the Secretary of Treasury.

(4) Payments made by the later of 2½ months after severance from employment or the end of the Plan Year in which the severance from employment occurs are included in Compensation for the limitation year if, absent a severance from employment, such payments would have been paid to the Participant while the Participant continued in employment with the Company or an Affiliate and are regular earnings for services performed during the Participant's regular working hours, compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar compensation. This provision shall be applied in a manner that is consistent with the requirements of Treas. Reg. §1.415(c)-2, effective for limitation years beginning on or after January 1, 2008.

(5) Effective January 1, 2009, Compensation for Code section 415 purposes includes any military differential pay paid to a Participant by a Participating Employer.

(f) This Section shall be applied in accordance with final regulations under Code §415 that were issued by the Department of Treasury and Internal Revenue Service on April 5, 2007, which are hereby incorporated by reference.

ARTICLE VI
INDIVIDUAL ACCOUNTS

Sec. 6.1 **Accounts for Participants**. The following Accounts may be established under the Plan for a Participant:

(a) A "Before Tax Deposit Account", to which Before Tax Deposits (and any Catch-Up Contributions made pursuant to Sec. 4.3) shall be credited. These amounts are subject to the withdrawal restrictions in Sec. 8.3.

(b) A "Matching Contribution Account", to which Matching Contributions shall be credited. These amounts are subject to the withdrawal restrictions in Sec. 8.3.

(c) A "Sick Leave Account", to which Sick Leave Deposits shall be credited. These amounts are subject to the withdrawal restrictions in Sec. 8.3.

(d) A "Rollover Account" shall be established for each Participant who makes an Eligible Rollover Contribution under Sec. 6.7, or other direct transfer of certain employer contributions from a plan not sponsored by the Company as provided in Sec. 6.6(c). Amounts credited to Rollover Accounts are fully vested and can be withdrawn by the Participant at any time.

(e) A "Restricted Distribution Account" shall be established for each Participant who makes a direct transfer of funds subject to distribution restrictions or other special requirements as provided in Sec. 6.6(d). Amounts credited to a Restricted Distribution Account cannot be withdrawn prior to the Participant's Termination of Employment, Disability or attainment of age 59 ½.

(f) A "QNEC Account" shall be established for each Participant who receives a corrective contribution or other fully vested non-elective employer contribution. Amounts credited to a Restricted Distribution Account cannot be withdrawn prior to the Participant's Termination of Employment, Disability or attainment of age 59 ½.

Additional Accounts may be established for a Participant if deemed advisable by the Company.

Sec. 6.2 **Investment Funds**. Investment Funds for the investment of amounts credited to Participants' Accounts shall be established at the direction of the Company. The Company shall determine the types of investments to be held in each Investment Fund or the investment manager, trustee, or insurance company responsible for selecting investments. Income on the investments of each Investment Fund shall be reinvested by the appropriate Funding Agency in the appropriate Investment Fund. Notwithstanding the foregoing, the Fund shall include at least three investment alternatives for the investment of Before Tax Deposits, Sick Leave Deposits, Matching Contributions, Rollover Contributions, and any amounts transferred from other plans. Furthermore, at least three core Investment Funds shall be made available to Participants that have materially different risk and return characteristics, with the

intent of complying with U.S. Department of Labor guidelines set forth in the regulations issued under section 404(c) of ERISA. In addition, a Company Stock Fund comprised primarily of common stock of Canadian Pacific Railway Limited shall be available for the investment of Participant's Accounts and contributions made on behalf of Participants. Pursuant to Section 401(a)(35)(C) of the Code and Sec. 6.3 of the Plan, Participants have the right to divest any amounts held in their Accounts that are invested in the Company Stock Fund and may reinvest any such divested amounts in any of the other Investment Funds available under the Plan for Participant directed investments. The Company shall from time to time designate the Investment Funds to be maintained by one or more Funding Agencies and shall arrange for Participants to receive appropriate information respecting the Investment Funds. The Company may impose limits on the amount, or percentage of a Participant's total account balance under the Plan, that may be invested in the Company Stock Fund or any other Investment Fund. The Company may also designate one or more default Investment Funds which shall hold amounts for which no investment direction is given by Participants, provided that the Company Stock Fund shall not be used for this purpose.

Sec. 6.3 **Participant Direction of Investments**. Accounts shall be invested in the Investment Funds established pursuant to Sec. 6.2, pursuant to designations by the respective Participants (including an alternate payee with respect to a Participant) or Beneficiaries. A Participant may change his or her designation of the Investment Funds in which future Before Tax Deposits, Sick Leave Deposits, Matching Contributions, Rollover Contributions, or other transferred amounts shall be invested. A Participant or Beneficiary also may direct the investment of existing amounts in his or her Accounts among the various Investment Funds. Each investment direction shall remain in effect until a new direction is made and becomes effective. Investment directions under this Section shall be made in accordance with rules and procedures established by the Company. Said rules may require that the investment direction be made a reasonable time prior to the date it will become effective. The rules also may limit the frequency of such elections, but shall satisfy the requirements of the regulations issued under section 404(c) of ERISA. If a Participant fails to give proper investment directions with respect to his or her Accounts under the Plan, his or her Accounts shall be invested in a default Investment Funds or Funds established by the Company pursuant to Sec. 6.2.

Sec. 6.4 **Valuation of Investment Funds**. As of each Valuation Date, the Funding Agency shall determine, in accordance with a method consistently followed and uniformly applied, the fair market value of each Investment Fund. During any period that all or a part of any Investment Fund is held under a contract, of a type sometimes referred to as a "guaranteed income contract", issued by an insurance company and invested by it and under which the insurance company pays a guaranteed minimum rate of return, and provided no event has occurred that would result in a payment by the insurance company under the contract at a discount from book value of the contract, the fair market value of the contract shall be deemed to equal its book value.

Sec. 6.5 **Valuation of Accounts in Investment Funds**. As of each Valuation Date the value of each Participant's various Accounts in the Investment Funds shall be determined. The value of each such Account shall be adjusted to reflect the effect of income,

realized and unrealized profits and losses, withdrawals, interfund transfers, and all other transactions since the next preceding Valuation Date.

Sec. 6.6 **Transfers from Other Plans**. At the request of a Qualified Employee and with the consent of the Company, which shall be granted in its sole discretion and only if it determines that the transfer of funds is consistent with the provisions of the Code, the Plan may accept from another plan a direct trustee to trustee transfer of funds credited to the employee under such other plan (provided such plan is a qualified plan under Code section 401(a)). The transferred funds and the Qualified Employee shall be subject to the following:

(a) Transfers of Funds Subject to Code § 401(k). Any transferred funds that are attributable to salary reduction contributions (a/k/a before-tax deposits) or sick leave deposits under Code section 401(k) shall be credited to a separate Before Tax Deposit Account and/or Sick Leave Deposit Account for the Participant, which shall be subject to the withdrawal restrictions imposed by Code section 401(k) and Sec. 8.3 of this Plan.

(b) Transfer of Employer Contributions from Another Plan Sponsored by the Company or Affiliate. Any transferred funds from a plan sponsored by the Company or an Affiliate that are attributable to employer contributions (for example, matching contributions) shall be credited to a separate Matching Contribution Account or QNEC Account for the Participant and shall remain subject to any vesting schedule which may have applied under the other plan, unless otherwise specified below. Amounts credited to a Matching Contribution Account or QNEC shall be subject to the withdrawal restrictions imposed by Sec. 8.3 of this Plan. Notwithstanding the foregoing, any amounts directly transferred from the DM&E Employee Savings Plan to this Plan on or after January 1, 2013, shall be fully vested when they are received by this Plan and allocated to the appropriate Participants' Accounts under this Plan.

(c) Transfers of Employer Contributions from Plans Not Sponsored by the Company. Any funds attributable to employer contributions from a plan not sponsored by the Company shall be credited to a separate Rollover Account for the Participant, unless subsection (d) applies because the funds are subject to restrictions. If subsection (d) does not apply, the transferred funds will be fully vested and can be withdrawn by the Participant at any time as provided in Sec. 8.3(a).

(d) Transfers of Restricted Funds from Other Companies. This subsection (d) applies to funds that are transferred to this Plan from a plan that is not sponsored by the Company and the transferred funds are subject to special distribution requirements or other restrictions under the Code or the other Plan. In that case, a Restricted Distribution Account will be established which will be subject to any requirements or restrictions, which, under the Code or the other plan, must continue to apply to the transferred amounts. Amounts credited to a Restricted Distribution Account cannot be withdrawn prior to the Participant's Termination of Employment, Disability or reaching age 59 ½.

(e) Although any Qualified Employee can request that a transfer of funds be made on his or behalf, the employee shall not be eligible to make Before Tax Deposits, Sick Leave Deposits or receive Matching Contributions until he or she has satisfied the eligibility requirements of Article III.

Sec. 6.7 **Direct and Indirect Rollover Contributions**. With the consent of the Company, a Qualified Employee may make an Eligible Rollover Contribution to the Plan. The Company shall consent only if it has reasonably concluded that the amount to be transferred will constitute an Eligible Rollover Contribution. The following shall apply with respect to an Eligible Rollover Contribution and to the employee making the rollover:

(a) Any Eligible Rollover Contribution will be credited to a fully vested Rollover Account established for the employee making the Eligible Rollover Contribution. Amounts credited to Rollover Accounts may be withdrawn by the Participant at any time as provided in Sec. 8.3(a).

(b) For purposes of this section, an "Eligible Rollover Contribution" is an amount which may be rolled over to this Plan pursuant to Code section 401(a)(31) ("direct rollover"), Code section 402(c) ("indirect rollover") or any provision of the Code which permits rollovers to this Plan.

(c) Although any Qualified Employee can request that an Eligible Rollover Contribution be made on his or her behalf, the employee shall not be eligible to make Before Tax Deposits, Sick Leave Deposits or receive Matching Contributions until he or she has satisfied the eligibility requirements of Article III.

ARTICLE VII
DESIGNATION OF BENEFICIARY

Sec. 7.1 **Persons Eligible to Designate**. Any Participant may designate a Beneficiary to receive any amount payable from the Fund as a result of the Participant's death, provided that the Beneficiary survives the Participant. The Beneficiary may be one or more persons, natural or otherwise. By way of illustration, but not by way of limitation, the Beneficiary may be an individual, trustee, executor, or administrator. A Participant may also change or revoke a designation previously made, without the consent of any Beneficiary named therein.

Sec. 7.2 **Special Requirements for Married Participants**. Notwithstanding the provisions of Sec. 7.1, if a Participant is married at the time of his or her death, the Beneficiary shall be the Participant's spouse unless the spouse has consented in writing to the designation of a different Beneficiary, the spouse's consent acknowledges the effect of such designation, and the spouse's consent is witnessed by a representative of the Plan or a notary public. Such consent shall be deemed to have been obtained if it is established to the satisfaction of the Company that such consent cannot be obtained because there is no spouse, because the spouse cannot be located, or because of such other circumstances as may be prescribed by federal regulations. Any consent by a spouse shall be irrevocable. Any designation of a Beneficiary or form of benefits which has received spousal consent may be changed (other than by being revoked) without spousal consent only if the consent by the spouse expressly permits subsequent designations by the Participant without any requirement of further consent of the spouse. Any such consent shall be valid only with respect to the spouse who signed the consent, or in the case of a deemed consent, the designated spouse.

Sec. 7.3 **Form and Method of Designation**. Any designation or a revocation of a prior designation of Beneficiary shall be in writing on a form acceptable to the Company and shall be filed with the Company. The Company and all other parties involved in making payment to a Beneficiary may rely on the latest Beneficiary designation on file with the Company at the time of payment or may make payment pursuant to Sec. 7.4 if an effective designation is not on file, shall be fully protected in doing so, and shall have no liability whatsoever to any person making claim for such payment under a subsequently filed designation of Beneficiary or for any other reason.

Sec. 7.4 **No Effective Designation**. If there is not on file with the Company or recordkeeper an effective designation of Beneficiary by a deceased Participant, or if the designated Beneficiary fails to survive the Participant, the Beneficiary shall be the person or persons surviving the Participant in the first of the following classes in which there is a survivor, share and share alike:

(a) The Participant's spouse.

(b) The Participant's children, except that if any of the Participant's children predecease the Participant but leave issue surviving the Participant, such issue shall take by right of representation the share their parent would have taken if living.

(c) The Participant's parents.

(d) The Participant's brothers and sisters.

(e) The Participant's personal representative (executor or administrator).

Determination of the identity of the Beneficiary in each case shall be made by the Company.

Sec. 7.5 Successor Beneficiary. If a Beneficiary who survives the Participant subsequently dies before receiving all payments to which the Beneficiary was entitled, the successor Beneficiary, determined in accordance with the provisions of this Section, shall be entitled to the balance of any remaining payments due. Only a Beneficiary who is the surviving spouse of the Participant may designate a successor Beneficiary. A Beneficiary who is the surviving spouse may designate a successor Beneficiary only if the Participant specifically authorized such designations on the Participant's Beneficiary designation form. If a Beneficiary is permitted to designate a successor Beneficiary, each such designation shall be made according to the same rules (other than Sec. 7.2) applicable to designations by Participants. If a Beneficiary is not permitted to designate a successor Beneficiary, or is permitted to do so but fails to make such a designation, the balance of any payments remaining due will be payable to a contingent Beneficiary if the Participant's Beneficiary designation so specifies, and otherwise to the personal representative (executor or administrator) of the deceased Beneficiary.

Sec. 7.6 Disclaimers by Beneficiaries. A Beneficiary entitled to all or a portion of a deceased Participant's Accounts may disclaim his or her interest therein, subject to the following:

(a) To be eligible to disclaim, the Beneficiary must not have received a distribution of all or any portion of the Participant's Accounts and, in the case of a Beneficiary who is a natural person, must have attained at least age 21 at the time such disclaimer is signed and delivered. A disclaimer shall state that the Beneficiary's entire interest in the Participant's Accounts is disclaimed or shall specify what portion thereof is disclaimed. The Company shall be the sole judge of the content, interpretation and validity of a purported disclaimer.

(b) Any disclaimer must be in writing and must be signed by the Beneficiary making the disclaimer and acknowledged by a notary public. The Company may establish rules for the use of electronic signatures and acknowledgments. Until such rules are established, electronic signatures and acknowledgments shall not be effective. To be effective, an original signed copy of the disclaimer must be actually delivered to the Company following the date of the Participant's death but not later than nine months after the date of the Participant's death. A disclaimer shall be irrevocable upon delivery to the Company. A disclaimer shall be considered to be delivered to the Company only when it is actually received by the Company.

(c) Upon the filing of a valid disclaimer, the Beneficiary shall be considered not to have survived the Participant with respect to the disclaimed interest. A disclaimer shall not be considered to violate the provisions of Sec. 9.7, and shall not be considered to be an assignment or alienation of benefits in violation of any federal law prohibiting the assignment or alienation of benefits under this Plan.

(d) No form of attempted disclaimer that does not meet the requirements of this Section will be recognized by the Company.

Sec. 7.7 Definition of Spouse and Marriage. Effective September 16, 2013, the Plan will recognize any marriage (same sex or otherwise) that is valid either under the laws of the State of Minnesota or the state in which the marriage took place. This Section shall be administered in accordance with guidance issued by the Department of Treasury.

ARTICLE VIII
BENEFIT REQUIREMENTS

Sec. 8.1 **Benefit on Retirement, Disability or Death**. If a Participant (i) Terminates Employment after he or she has reached age 65, (ii) becomes totally and permanently disabled while employed (as determined by the Company in its sole discretion), or (iii) dies while employed by a Participating Employer or Affiliate, the Participant shall be 100% vested and shall be entitled to a benefit equal to the value of all of his or her Accounts. The benefit shall be paid at the time and in the manner determined under Article IX. The value of each Account shall be adjusted as provided in Sec. 6.5 until the Account has been distributed in full.

Sec. 8.2 **Other Termination of Employment**. If a Participant's Termination of Employment occurs under circumstances such that the Participant is not entitled to a benefit under Sec. 8.1, the Participant shall be entitled to a benefit equal to the value of his or her 401(k) Account, Sick Leave Account, Rollover Account, Restricted Distribution Account and QNEC Account (if any). In addition, the Participant is entitled to the vested portion of his or her Matching Contribution Account, if any.

In that regard, all Participants are fully vested in their Matching Contribution Accounts, except for DM&E Participants described in Sec. 4.4(c) who are represented by a Participating Union ("DM&E Union Participants"). These DM&E Union Participants become vested as follows:

If the DM&E Union Participant has completed three or more Years of Vesting Service, the Participant is fully vested and is entitled to a benefit equal to the value of his or her Matching Contribution Account, if any.

If the DM&E Union Participant has less than three years of Vesting Service, he or she shall be entitled to the vested portion of his or her Matching Contribution Account according to the following schedule:

Years of Vesting Service	Vested Percentage
Less than One	0%
One but less than Two	33%
Two but less than Three	66%
Three or More	100%

The value of all Participants' Accounts shall continue to be adjusted as provided in Sec. 6.5 until all of the Accounts have been distributed in full, subject, however, to the following:

(a) Timing of Forfeitures. If the Participant is not fully vested in his or her Matching Contribution Account (referred to as the "non-vested amount") and the Participant receives a distribution of the entire vested balance in his or her Matching Contribution Account and the entire balance of all of his or her other Accounts under the Plan following his or her Termination of Employment, the unvested

balance in his or her Matching Contribution Account shall be treated as a Forfeiture by the end of the Plan Year in which the distribution of the entire vested balance in all of the Participant's Accounts was made. In that regard, if a Participant is zero percent vested in all of his or her Accounts (which means that the Participant must not have made any Salary Reduction Contributions), he or she will be treated as having received a distribution of the entire vested balance in all of his or her Accounts in the Plan Year in which he or she Terminates Employment.

Otherwise, if the Participant does not receive a distribution of the entire vested balance of in all of his or her Accounts, the non-vested amounts in the Participant's Matching Contribution Account shall not be forfeited until after the Participant has a Recognized Break in Service of 60 months. The undistributed Accounts shall continue to share in investment earnings and losses until the Forfeiture occurs. Forfeitures shall be applied as provided in Sec. 4.11 and shall be reinstated as provided in paragraph (b) below.

(b) Reinstatement of Forfeitures. If the Participant resumes employment with a Participating Employer with a Recognized Break in Service of less than 60 months, the following shall apply:

(1) The portion of Participant's Matching Contributions Account that was previously Forfeited (if any) prior to the Recognized Break in Service will be restored to its value as of the Valuation Date coincident with or next following the Participant's prior Termination of Employment. The Participant's right to these reinstated amounts following any subsequent Termination of Employment is subject to the completion of additional Years of Vesting Service (including both service before and after the Recognized Break in Service) in accordance with the vesting schedule above.

(2) Amounts to be reinstated pursuant to paragraph (1) may be obtained from any of the following sources:

(A) Forfeitures, if any, for the Plan Year in which the reinstatement occurs.

(B) Contributions by the Participating Employer who rehired the Participant.

(C) Net income or gain of the Fund not previously allocated to other Accounts.

(c) Permanent Forfeiture. If a Participant whose Accounts were Forfeited pursuant to subsection (a) resumes employment with a Participating Employer after a Recognized Break in Service of 60 months or longer, his or her Matching Contribution Account is permanently Forfeited and will not be reinstated.

(d) The benefit under this section shall be paid at the times and in the manner determined under Article IX.

Sec. 8.3 Withdrawals While Employed. Withdrawals from Restricted Distribution Accounts and QNEC Accounts cannot be made prior to Termination of Employment, Disability or age 59 ½. A Participant may request a cash withdrawal from his or her Before Tax, Sick Leave, Matching and Rollover Accounts at any time prior to the date benefits first become payable to the Participant under Sec. 8.1 pursuant to the following:

(a) A Participant may elect to withdraw part or all of his or her Rollover Accounts at any time.

(b) Until the Participant reaches age 59½, a withdrawal may be made from his or her Before Tax Account, Sick Leave Account or the vested portion of his or her Matching Accounts only to meet a financial hardship.

(1) A hardship withdrawal will be permitted only if all of the requirements in (A) and (B) below are met:

(A) The distribution must be made on account of one of the following reasons:

(i) Medical expenses described in section 213(d) of the Code incurred or to be incurred by the Participant, the Participant's spouse, or any dependents of the Participant, which are not reimbursable through insurance or otherwise.

(ii) Purchase (excluding mortgage payments) of the principal residence of the Participant.

(iii) Payment of tuition covering the next 12 months of post-secondary education for the Participant, or for his or her spouse, children or dependents.

(iv) The need to prevent the eviction of the Participant from his or her principal residence or foreclosure on the mortgage of the Participant's principal residence.

(v) Expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under Code section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income).

(vi) Payments for burial or funeral expenses for the Participant's deceased parent, spouse, children or dependents (as defined in Code section 152, but without

regard to the earnings limitation in section 152(d)(1)(B)).

(B) All of the following requirements must be satisfied:

(i) The amount of the distribution cannot exceed the amount of the immediate and heavy financial need of the Participant, including any amount required to cover taxes the Participant can reasonably be expected to incur in connection with the distribution. The Company may reasonably rely on the Participant's representation as to that amount.

(ii) The Participant must have obtained all distributions, other than hardship distributions, and all nontaxable loans currently available under all plans maintained by the Participating Employers or any Affiliate.

(iii) The Participant's Before Tax Deposits and Sick Leave Deposits and all other elective contributions and employee contributions under all plans maintained by the Participating Employers or any Affiliate will be suspended for at least six months after the receipt of the hardship distribution.

(iv) Notwithstanding the foregoing provisions of this subparagraph (B), this subparagraph (B) will be satisfied if the IRS issues a revenue ruling, notice, or other document of general applicability which establishes an alternative method under which distributions will be deemed to be necessary to satisfy an immediate and heavy financial need and all of the requirements of such alternative method are met.

(2) Earnings credited to the Participant's Before Tax Account or Sick Leave Account cannot be withdrawn on account of financial hardship.

(3) Only the vested portion of any Account may be withdrawn.

(c) After the Participant reaches age 59½ , a withdrawal may be made at any time from any of his or her Accounts (other than any unvested amounts).

(d) Requests for withdrawals under this Section shall be made pursuant to applicable rules and regulations adopted by the Company which are uniform and non-discriminatory as to all Participants and shall be submitted in writing to the Company on such form as the Company prescribes for this purpose. The

Company shall determine whether the requirements of subsection (a) have been met.

(e) The Company shall direct the Funding Agency respecting the payment of withdrawals under this section. Payment shall be made to the Participant as soon as administratively practicable following approval of the withdrawal request.

Sec. 8.4 **Loans to Participants**. The Company may authorize a loan to an Active Participant, or to a Participant who is transferred to a position with an Affiliate (whether or not the Affiliate is a Participating Employer in the Plan), who makes application therefor. Each such loan shall be subject to the following provisions:

(a) The amount of any loan to a Participant, when added to the balance of all other loans to the Participant under this Plan and all related plans which are outstanding on the day on which such loan is made, shall not exceed the lesser of:

(1) $50,000, reduced by the excess (if any) of (i) the highest outstanding balance of loans to the Participant from the Plan and all related plans during the one-year period ending on the day before the date the loan is made, over (ii) the outstanding balance of loans to the Participant from the Plan and all related plans on the date the loan is made; or

(2) 50% of the amount to which the Participant would be entitled in the event his or her Termination of Employment were to occur on the date the loan is made.

For purposes of this section, a related plan is any "qualified employer plan," as defined in Code section 72(p)(4), sponsored by the Participant's Participating Employer or any related employer, determined according to Code section 72(p)(2)(D).

(b) The minimum amount of any loan shall be $1,000. If the maximum amount available under subsection (a) is less than $1,000, no loan will be permitted.

(c) Each loan shall be evidenced by the Participant's promissory note payable to the order of the Funding Agency. Each loan shall be adequately secured as determined by the Company. A loan shall be considered adequately secured whenever the outstanding balance does not exceed the amount in which the Participant would have a vested interest in the event of his or her Termination of Employment.

(d) The Company shall determine the rate of interest to be paid with respect to each loan, which shall be a reasonable rate of interest within the meaning of Code section 4975. The rate shall be based on the interest rates charged by persons in the business of lending money in the region in which the Company operates for loans which would be made under similar circumstances. It is anticipated that the

interest rate will be equal to the published prime rate, as of the date the loan is made, at a bank designated by the Company, plus two percent.

(e) Each such loan shall provide for the payment of accrued interest and for repayment of principal in substantially equal installments no less frequently than quarterly. There will be no penalty for prepayments of any loan. All loans to Active Participants shall be repaid through payroll deductions. The Participant shall execute any documents required to authorize such deductions.

(f) Each loan shall extend for a stated period determined by agreement of the Participant and the Company, not exceeding five years. The limitation in the preceding sentence shall not apply to any loan designated by the Company as a home loan. For purposes of this paragraph, a home loan is a loan used to acquire or construct any dwelling unit which within a reasonable time is to be used as the principal residence of the Participant. The duration of home loans shall be determined by the Company.

(g) Failure to pay any installment of interest or principal on a loan by the end of the calendar quarter following the calendar quarter in which the payment was due, shall constitute a default on the unpaid balance of the loan. Notwithstanding the foregoing, if a Participant is on an unpaid leave of absence, no default will occur for a period of up to one year (or until the end of the leave of absence, if shorter). This grace period will not extend the original repayment period of the loan beyond the maximum period allowable under subsection (f) when the loan was made, however, and the unpaid loan balance must be reamortized over the remaining portion of the original maximum repayment period under subsection (f) following the end of the leave of absence. If a Participant is performing military service for the United States, however, loan repayments shall be suspended as permitted under Code section 414(u)(4) and the loan will be repaid as permitted or required under Code section 414(u)(4). Events of a default shall also include any other events identified as such in the Participant's Note. Upon a default, the entire loan balance will be declared to be in default to the extent required by (and in accordance with) applicable Treasury Regulations. In the event of a default on a loan, foreclosure on the Note and offset of the Participant's Accounts to satisfy the Note will not occur until the earliest date on which the Participant or Participant's Beneficiary is eligible to receive payment of benefits under Sec. 8.1 or Sec. 8.2 of the Plan.

(h) If a loan to a Participant is outstanding on the date a distribution is to be made from the Fund, the balance of the loan, or a portion thereof equal to the amount to be distributed, if less, shall on such date become due and payable. The portion of the loan due and payable shall be satisfied by offsetting such amount against the portion of the Participant's Account Balance consisting of the loan and shall be treated as a distribution to the Participant. No new loan shall be made to a Participant following his or her Termination of Employment.

(i) If a loan to a Participant is outstanding at the time of the Participant's death, and if the loan is not repaid by the Participant's Beneficiary or the executor or administrator of the Participant's estate, the loan will be offset against the Participant's Accounts and shall be treated as a taxable distribution to the Beneficiary or Beneficiaries if they so elect, or in the absence of such an election, the offset amount shall be treated as a taxable distribution to the Participant's estate.

(j) The Company shall administer the loan program under this Section and shall direct the Funding Agency with respect to the making of loans to Participants, the collection thereof, and all other matters pertaining thereto. The Funding Agency shall follow such directions to the extent possible and shall not take any independent action with respect to such loans. The Funding Agency shall have no responsibility whatsoever with respect to loans to Participants except to follow the directions of the Company to the extent possible.

(k) In accordance with the foregoing standards and requirements, loans shall be available to all Participants on a reasonably equivalent basis.

(l) All loans shall be governed by such non-discriminatory written rules as the Company may adopt, which shall be deemed to be a part of this Plan. Applications for loans shall be filed with the Company on such forms as the Company may provide for this purpose.

(m) The portion of a Participant's Account or Accounts represented by the outstanding loan principal shall be segregated for investment purposes. In lieu of sharing in income or losses on investments of the Fund, the segregated portion of the Participant's Accounts shall be credited with all interest paid by the Participant on the loan. The Funding Agency may charge to the Participant's Accounts any expenses attributable to the loan and such portion of the general expenses of the Fund as the Funding Agency determines in its discretion to be reasonable.

(n) If a Participant in this Plan has an outstanding loan under another tax qualified Plan sponsored by the Company or an Affiliate, the Company may authorize the direct transfer of that loan to this Plan.

ARTICLE IX
DISTRIBUTION OF BENEFITS

Sec. 9.1 **Time and Method of Payment**. Except as otherwise provided in this Section, the benefit to which a Participant or Beneficiary may become entitled under Sec. 8.1 or 8.2 shall be distributed at such time and according to such method as he or she elects, subject to the following:

(a) Distribution shall be made by one or a combination of the following methods, as the Participant or Beneficiary may select:

(1) Payment in a single sum.

(2) Substantially equal installments over a period not to exceed the lesser of (i) ten years or (ii) the Participant's life expectancy or the joint life expectancy of the Participant and his or her Beneficiary.

(3) A direct rollover to another eligible retirement plan or an IRA.

(b) Subject to subsection (c) below, distributions from all Accounts may occur at any time after the Participant's Termination of Employment. Distributions will be made upon receipt of proper instructions from the Participant. In that regard, the Company shall provide Participants with a distribution election (or consent) form and notice 30 to 180 days in advance of the date the first distribution is made to the Participant. These materials shall include the following:

(1) An explanation of the right to defer commencement of benefits and the consequences of failing to defer receipt of benefits; and

(2) The special tax and rollover notice referenced in Code Section 402(f).

The 30-day advance notice period may be waived by the Participant provided that the distribution of benefits still cannot commence until at least eight days after the distribution notices are provided. The Company may require Participants to apply for benefits under the Plan before benefit payments will commence. Since Participants can elect to receive benefits at any time following Termination of Employment, the requirements of Code Section 401(a)(14) are satisfied.

(c) Distributions to a Participant must begin not later than the Participant's "required beginning date". A Participant's "required beginning date" is April 1 of the Plan Year following the later of (i) the Plan Year in which the Participant attains age 70½, or (ii) the Plan Year in which the Participant's Termination of Employment occurs. If the Participant is a 5% owner, however, as described in Code Section 416, the required beginning date is April 1 following the Plan Year the Participant reaches 70½ regardless of whether he or she has had a Termination of Employment.

(d) The amount distributed to a Participant for the calendar year preceding his or her required beginning date and for each subsequent calendar year shall not be less than the amount required by Treasury Regulation Section 1.401(a)(9)-5. The distribution for the calendar year preceding the individual's required beginning date must be paid not later than the required beginning date. The distribution for each subsequent year must be paid not later than December 31 of that year.

(e) If the Participant dies after his or her required beginning date and after beginning to receive payments in installments, the remaining payments shall be made to the Beneficiary in annual amounts at least equal to the minimum amount required by Treasury Regulation Section 1.401(a)(9)-5.

(f) If the Participant dies before his or her required beginning date, the Participant's Accounts shall be distributed to the Beneficiary not later than December 31 of the year containing the fifth anniversary of the Participant's death, subject to the following:

(1) Distributions to a Beneficiary may extend beyond five years from the death of the Participant if they are in the form of installment payments over a period not exceeding the Beneficiary's life expectancy, provided such payments begin not later than December 31 of the year following the year in which the Participant's death occurred.

(2) If a Beneficiary is the surviving spouse of the Participant, payments to that surviving spouse pursuant to paragraph (1) need not commence until December 31 of the year in which the Participant would have reached age 70½.

(g) If a Beneficiary of a deceased Participant dies before receiving all benefits to which the Beneficiary is entitled under the Plan, any remaining amounts shall be paid to the successor beneficiary if one is designated, or, if not, as provided in Sec. 7.4.

(h) If more than one Beneficiary is entitled to benefits following the Participant's death, the interest of each Beneficiary shall be segregated into a separate Account for purposes of applying this section.

(i) Distributions shall be made in accordance with the requirements of Code Section 401(a)(9), including the incidental death benefit requirements of Code Section 401(a)(9)(G) and in accordance with Treasury Regulation Sections 1.401(a)(9)-1 through 1.401(a)(9)-9. These requirements will override any inconsistent distribution option and no distribution option otherwise permitted under this Plan will be available to a Participant or Beneficiary if such distribution option does not meet the requirements of Code Section 401(a)(9), including paragraph (G) thereof.

Sec. 9.2 **Accounts Totaling $5,000 or Less**. If the total value of the Accounts of the Participant (or a Beneficiary following the Participant's death) is $5,000 or less when benefit payments can commence due to Termination of Employment, disability or death, partial distributions and installment payments are not available. In that case, if the Participant (or spouse Beneficiary) has failed to make an election between a Direct Rollover (pursuant to Sec. 9.3) or a single sum cash distribution within 90 days following receipt of his or her distribution election form, the following rules shall apply:

(a) If the total value of the Participant's Accounts is more than $1,000 but not more than $5,000 and the Participant is alive and the Participant has not reached age 65, the Company will cause the balance in the Participant's Accounts (excluding unpaid loans) to be Directly Rolled over to an individual retirement plan ("IRA") designated by the Company. Any unpaid loan balance will be subject to the provisions of Sec. 8.4(h).

(b) If the total value of the Participant's Accounts is $1,000 or less and the Participant is alive, a single-sum cash distribution shall be made to the Participant as soon as administratively feasible following the Participant's Termination of Employment or disability.

(c) Unless benefit payments have already commenced, if the Participant dies, a single-sum distribution equal to the total value of the Participant's Accounts shall be made to the Participant's Beneficiary as soon as administratively feasible following the Participant's death. By way of clarification, no default Direct Rollovers to IRAs pursuant to subsection (a) shall be made on behalf of Beneficiaries of decreased Participants. Surviving Beneficiaries (including non-spousal Beneficiaries are, however, eligible to elect voluntary Direct Rollovers pursuant to Sec. 9.3. If benefit payments have already commenced, any possible remaining payments to the Beneficiary are subject to the provisions of Sec. 9.1.

(d) For purposes of determining whether the total value of a Participant's Accounts is over $1,000, any amounts in the Participant's Rollover Accounts under the Plan shall be included. Rollover Accounts shall not be included when determining whether the total value of a Participant's Accounts exceeds $5,000, but shall be included in the default Direct Rollover. Accordingly, the entire default rollover amount can be more than $5,000 if the Participant's non-rollover Accounts total $5,000 or less.

(e) If the Participant Terminates Employment after Normal Retirement Age, the default rollover rules do not apply and his or her Accounts will be distributed in a single-sum cash distribution as soon as feasible following his or her Termination of Employment.

(f) The default rollover provisions of this Section do not apply to alternate payees under a Qualified Domestic Relations Order. Those distributions shall be made in a single sum cash distribution.

(g) For purposes of this Section, a Participant (or Beneficiary) is deemed to have received his or her election form five days after the form is mailed to his or her last known address.

Sec. 9.3 Direct Rollovers to IRAs and Other Eligible Plans. A distributee may elect, at the time and in the manner prescribed by the Company, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee (a "direct rollover"). The following definitions shall be used in administering the provisions of this section.

(a) Eligible rollover distribution. For purposes of this section, an eligible rollover distribution is any distribution (other than a hardship withdrawal under Sec. 8.3 (b)) of all or any portion of the balance to the credit of the distributee that is not in the form of substantially equal installments over the lifetime or life expectancy of the Participant (or the Participant and his or her Beneficiary) or for a period of 10 years or more.

(b) Eligible Retirement Plan. An eligible retirement plan is one of the following plans or arrangements that agrees to accept the distributee's eligible rollover contribution: (i) a qualified trust described in Code section 401(a), (ii) an individual retirement account described in Code section 408(a), (iii) an individual retirement annuity described in Code section 408(b), (iv) an annuity plan described in Code section 457(b) maintained by a governmental entity such as a state, political subdivision or a state, or agency or instrumentality of a state or political subdivision of a state that agrees to separately account for amounts transferred from this Plan, (vi) a Roth IRA described in Code section 408A, or (vii) a tax sheltered annuity contract described in Code section 403(b).

(c) Distributee. A distributee means a Participant, a Participant's surviving spouse, a surviving non-spouse Beneficiary of the Participant, a trust maintained for the benefit of one or more designated Beneficiaries, or a former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code section 414(p). Individuals or entities other than those named in this subsection are not permitted to roll over distributions from the Plan.

(d) Direct Rollover. A direct rollover is a payment by the Funding Agency to the eligible retirement plan specified by the distributee.

(e) Direct Transfers by Non-Spousal Beneficiaries. Effective January 1, 2008, a designated Beneficiary who is not the Participant's spouse, following the death of a Participant, may request a direct trustee to trustee transfer of his or her entire interest in the Plan, but only to an individual retirement account or annuity described in Code sections 408(a) or 408(b) (an "IRA") that is designated as an "inherited IRA". For purposes of the preceding sentence, a designated Beneficiary includes a trust maintained for the benefit of one or more designated Beneficiaries. The transfer shall then be made as soon as practicable following the Beneficiary's request. Amounts transferred to an inherited IRA under this subsection are subject to the required minimum distribution rules of Code section

401(a)(9). Also, any required minimum distributions that would otherwise be due to the Participant or Beneficiary shall be made to the Beneficiary before any such direct transfer is made to the inherited IRA. The inherited IRA must be established in a manner that identifies it as an inherited IRA with respect to the deceased Participant and must also identify the Beneficiary. Transfers under this Section shall be administered in accordance with applicable regulations or other guidance issued by the Department of Treasury.

Sec. 9.4 **Accounting Following Termination of Employment**. If distribution of all or any part of a benefit is deferred or delayed for any reason, the undistributed portion of any Account shall continue to be revalued as of each Valuation Date as provided in Article VI.

Sec. 9.5 **Source of Benefits**. All benefits to which persons become entitled hereunder shall be provided only out of the Fund and only to the extent that the Fund is adequate therefor. No benefits are provided under the Plan except those expressly described herein.

Sec. 9.6 **Incompetent Payee**. If in the opinion of the Company a person entitled to payments hereunder is disabled from caring for his or her affairs because of mental or physical condition, or age, payment due such person may be made to such person's guardian, conservator, or other legal personal representative upon furnishing the Company with evidence satisfactory to the Company of such status. Prior to the furnishing of such evidence, the Company may cause payments due the person under disability to be made, for such person's use and benefit, to any person or institution then in the opinion of the Company caring for or maintaining the person under disability. The Company shall have no liability with respect to payments so made. The Company shall have no duty to make inquiry as to the competence of any person entitled to receive payments hereunder.

Sec. 9.7 **Benefits May Not Be Assigned or Alienated**. Except as otherwise expressly permitted by the Plan or required by law, the interests of persons entitled to benefits under the Plan may not in any manner whatsoever be assigned or alienated, whether voluntarily or involuntarily, or directly or indirectly. However, the Plan shall comply with the provisions of any court order which the Company determines is a qualified domestic relations order as defined in Code section 414(p). Any expenses relating to review or administration of a domestic relations order may be charged against the Accounts of the Participant and/or the alternate payee. Notwithstanding any provisions in the Plan to the contrary, an individual who is entitled to payments from the Plan as an "alternate payee" pursuant to a qualified domestic relations order may receive a lump sum payment from the Plan as soon as administratively feasible after the Valuation Date coincident with or next following the date of the Company's determination that the order is a qualified domestic relations order, unless the order specifically provides for payment to be made at a later time or in a different form of payment that is permitted under Sec. 9.1.

Sec. 9.8 **Payments Pursuant to a Qualified Domestic Relations Order**. Notwithstanding any provisions in the Plan to the contrary, an individual who is entitled to payments from the Plan as an "alternate payee" pursuant to a qualified domestic relations order may receive a lump sum payment from the Plan (or have a Direct Rollover made on his or her behalf pursuant to Sec. 9.3) as soon as administratively feasible after the Valuation Date coincident with or next following the date of the Company's determination that the order is a

qualified domestic relations order, unless the order specifically provides for payment to be made at a later time or in a different form permitted under Sec. 9.1.

Sec. 9.9 **Payment of Taxes**. The Funding Agency may pay any estate, inheritance, income, or other tax, charge, or assessment attributable to any benefit payable hereunder which in the Funding Agency's opinion it shall be or may be required to pay out of such benefit. The Funding Agency may require, before making any payment, such release or other document from any taxing authority and such indemnity from the intended payee as the Funding Agency shall deem necessary for its protection.

Sec. 9.10 **Conditions Precedent**. No person shall be entitled to a benefit hereunder until his or her right thereto has been finally determined by the Company nor until the person has submitted to the Company relevant data reasonably requested by the Company, including, but not limited to, proof of birth or death.

Sec. 9.11 **Company Directions to Funding Agency**. The Company shall designate an individual or individuals to give such written directions to the Funding Agency as are necessary to accomplish distributions to the Participants and Beneficiaries in accordance with the provisions of the Plan.

Sec. 9.12 **Transfers to Other Plans**. At the request of a Qualified Employee and with the consent of the Company, which shall be granted in its sole discretion and only if it determines that the transfer of funds is consistent with the provisions of the Code, the Plan may make a direct trustee to trustee transfer of funds (that is not eligible for a Direct Rollover under Sec. 9.3) credited to the employee under this Plan to another tax qualified plan. Notwithstanding the foregoing, no transfer of amounts subject to the withdrawal restrictions of Code section 401(k) or Sec. 8.3 of this Plan shall be made unless the Company reasonably concludes that the plan accepting the transfer will continue to maintain the distribution limitations that apply under this Plan and the Code. Also, no transfer to another plan will be allowed with respect to a Participant's Accounts if the Participant has an outstanding loan balance under this Plan.

ARTICLE X
FUND

Sec. 10.1 **Composition**. All sums of money and all securities and other property received by the Funding Agency for purposes of the Plan, together with all investments made therewith, the proceeds thereof, and all earnings and accumulations thereon, and the part from time to time remaining shall constitute the "Fund". The Company may cause the Fund to be divided into any number of parts for investment purposes or any other purposes necessary or advisable for the proper administration of the Plan.

Sec. 10.2 **Funding Agency**. The Fund may be held and invested as one fund or may be divided into any number of parts for investment purposes. Each part of the Fund, or the entire Fund if it is not divided into parts for investment purposes, shall be held and invested by one or more trustees or by an insurance company. The trustee or trustees or the insurance company so acting with respect to any part of the Fund is referred to herein as the Funding Agency with respect to such part of the Fund. The selection and appointment of each Funding Agency shall be made by the Company. The Company shall have the right at any time to remove a Funding Agency, in which case the Company shall appoint a successor thereto, subject only to the terms of any applicable trust agreement or group annuity contract. The Company shall have the right to determine the form and substance of each trust agreement and group annuity contract under which any part of the Fund is held, subject only to the requirement that they are not inconsistent with the provisions of the Plan. Any such trust agreement may contain provisions pursuant to which the trustee will make investments on direction of a third party.

Sec. 10.3 **Compensation and Expenses of Funding Agency**. The Funding Agency shall be entitled to receive such reasonable compensation for its services as may be agreed upon with the Company. The Funding Agency shall also be entitled to reimbursement for all reasonable and necessary costs, expenses, and disbursements incurred by it in the performance of its services. Such compensation and reimbursements shall be paid from the Fund, except as specifically agreed to in writing by the Company.

Sec. 10.4 **No Diversion**. The Fund shall be for the exclusive purpose of providing benefits to Participants under the Plan and their beneficiaries and defraying reasonable expenses of administering the Plan. Such expenses may include premiums for the bonding of Plan officials required by ERISA. No part of the corpus or income of the Fund may be used for, or diverted to, purposes other than for the exclusive benefit of employees of the Participating Employers or their beneficiaries. Notwithstanding the foregoing:

(a) If any contribution or portion thereof is made by a Participating Employer by a mistake of fact, the Funding Agency shall, upon written request of the Company, return such contribution or portion thereof to the Participating Employer within one year after the payment of the contribution to the Funding Agency; however, earnings attributable to such contribution or portion thereof shall not be returned to the Participating Employer but shall remain in the Fund, and the amount returned to the Participating Employer shall be reduced by any losses attributable to such contribution or portion thereof.

(b) Contributions by the Participating Employers are conditioned upon the deductibility of each contribution under Code section 404. To the extent the deduction is disallowed, the Funding Agency shall, upon written request of the Company, return such contribution to the Participating Employer within one year after the disallowance of the deduction; however, earnings attributable to such contribution (or disallowed portion thereof) shall not be returned to the Participating Employer but shall remain in the Fund, and the amount returned to the Participating Employer shall be reduced by any losses attributable to such contribution (or disallowed portion thereof).

In the case of any such return of contribution the Company shall cause such adjustments to be made to the Accounts of Participants as the Company considers fair and equitable under the circumstances resulting in the return of such contribution.

ARTICLE XI
ADMINISTRATION OF PLAN

Sec. 11.1 **Administration by Company**. The Company is the "administrator" of the Plan for purposes of ERISA. Except as expressly otherwise provided herein, the Company, and not the other Participating Employers, shall control and manage the operation and administration of the Plan and make all decisions and determinations incident thereto. In carrying out its Plan responsibilities, the Company shall have the discretionary authority to construe the terms of the Plan. Except in cases where the Plan expressly provides to the contrary, action on behalf of the Company may be taken by any of the following:

(a) The Board.

(b) The chief executive officer of the Company.

(c) Any person or persons, natural or otherwise, or committee, to whom responsibilities for the operation and administration of the Plan are allocated by the Company, by resolution of the Board or by written instrument executed by the chief executive officer of the Company and filed with its permanent records, but action of such person or persons or committee shall be within the scope of said allocation.

Sec. 11.2 **Certain Fiduciary Provisions**. For purposes of the Plan:

(a) Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan.

(b) A Named Fiduciary, or a fiduciary designated by a Named Fiduciary pursuant to the provisions of the Plan, may employ one or more persons to render advice with regard to any responsibility such fiduciary has under the Plan.

(c) To the extent permitted by any applicable trust agreement or group annuity contract a Named Fiduciary with respect to control or management of the assets of the Plan may appoint an investment manager or managers, as defined in ERISA, to manage (including the power to acquire and dispose of) any assets of the Plan.

(d) At any time the Plan has more than one Named Fiduciary, if pursuant to the Plan provisions fiduciary responsibilities are not already allocated among such Named Fiduciaries, the Company, by action of the Board or its chief executive officer, may provide for such allocation; except that such allocation shall not include any responsibility, if any, in a trust agreement to manage or control the assets of the Plan other than a power under the trust agreement to appoint an investment manager as defined in ERISA.

(e) Unless expressly prohibited in the appointment of a Named Fiduciary which is not the Company acting as provided in Sec. 11.1, such Named Fiduciary by written instrument may designate a person or persons other than such Named Fiduciary to carry out any or all of the fiduciary responsibilities under the Plan of such Named Fiduciary; except that such designation shall not include any responsibility, if any, in a trust agreement to manage or control the assets of the Plan other than a power under the trust agreement to appoint an investment manager as defined in ERISA.

(f) A person who is a fiduciary with respect to the Plan, including a Named Fiduciary, shall be recognized and treated as a fiduciary only with respect to the particular fiduciary functions as to which such person has responsibility.

Each Named Fiduciary (other than the Company), each other fiduciary, each person employed pursuant to subsection (b) above, and each investment manager shall be entitled to receive reasonable compensation for services rendered, or for the reimbursement of expenses properly and actually incurred in the performance of their duties with the Plan and to payment therefor from the Fund if not paid directly by the Participating Employers in such proportions as the Company shall determine. Notwithstanding the foregoing, no person so serving who already receives full-time pay from any employer or association of employers whose employees are Participants, or from an employee organization whose members are Participants, shall receive compensation from the Plan, except for reimbursement of expenses properly and actually incurred.

Sec. 11.3 **Discrimination Prohibited**. No person or persons in exercising discretion in the operation and administration of the Plan shall discriminate in favor of Highly Compensated Employees.

Sec. 11.4 **Evidence**. Evidence required of anyone under this Plan may be by certificate, affidavit, document, or other instrument which the person acting in reliance thereon considers to be pertinent and reliable and to be signed, made, or presented to the proper party.

Sec. 11.5 **Correction of Errors**. It is recognized that in the operation and administration of the Plan certain mathematical and accounting errors may be made or mistakes may arise by reason of factual errors in information supplied to the Company or Funding Agency. The Company shall have power to cause such equitable adjustments to be made to correct for such errors as the Company in its discretion considers appropriate. Such adjustments shall be final and binding on all persons. Any return of a contribution due to a mistake in fact will be subject to Sec. 10.4.

Sec. 11.6 **Records**. Each Participating Employer, each fiduciary with respect to the Plan, and each other person performing any functions in the operation or administration of the Plan or the management or control of the assets of the Plan shall keep such records as may be necessary or appropriate in the discharge of their respective functions hereunder, including records required by ERISA or any other applicable law. Records shall be retained as long as necessary for the proper administration of the Plan and at least for any period required by ERISA or other applicable law.

Sec. 11.7 **General Fiduciary Standard**. Each fiduciary shall discharge its duties with respect to the Plan solely in the interests of Participants and their beneficiaries and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Sec. 11.8 **Prohibited Transactions**. A fiduciary with respect to the Plan shall not cause the Plan to engage in any prohibited transaction within the meaning of ERISA.

Sec. 11.9 **Claims Procedure**. The Company shall establish a claims procedure consistent with the requirements of ERISA. Such claims procedure shall provide adequate notice in writing to any Participant or beneficiary whose claim for benefits under the Plan has been denied, setting forth the specific reasons for such denial, written in a manner calculated to be understood by the claimant and shall afford a reasonable opportunity to a claimant, whose claim for benefits has been denied, for a full and fair review by the appropriate Named Fiduciary of the decision denying the claim. No person claiming a benefit under the Plan may initiate a civil action regarding the claim until all steps under the claims procedure (including appeals) have been completed.

Sec. 11.10 **Bonding**. Plan personnel shall be bonded to the extent required by ERISA. Premiums for such bonding may, in the sole discretion of the Company, be paid in whole or in part from the Fund. Such premiums may also be paid in whole or in part by the Participating Employers in such proportions as the Company shall determine. The Company may provide by agreement with any person that the premium for required bonding shall be paid by such person.

Sec. 11.11 **Waiver of Notice**. Any notice required hereunder may be waived by the person entitled thereto.

Sec. 11.12 **Agent for Legal Process**. The Company shall be the agent for service of legal process with respect to any matter concerning the Plan, unless and until the Company designates some other person as such agent.

Sec. 11.13 **Indemnification**. In addition to any other applicable provisions for indemnification, the Participating Employers jointly and severally agree to indemnify and hold harmless, to the extent permitted by law, each director, officer, and employee of the Participating Employers against any and all liabilities, losses, costs, or expenses (including legal fees) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against such person at any time by reason of such person's services as a fiduciary in connection with the Plan, but only if such person did not act dishonestly, or in bad faith, or in willful violation of the law or regulations under which such liability, loss, cost, or expense arises. The Company shall have the right, but not the obligation, to select counsel and control the defense and settlement of any action against the indemnitee for which the indemnitee may be entitled to indemnification under this Section.

Sec. 11.14 **Expenses of Administration**. Investment management and brokerage fees shall be charged against the Participants' Accounts to which such fees are attributable. In addition, the Company may, to the extent permitted by ERISA, allocate and charge other expenses of Plan administration against Participants' Accounts.

ARTICLE XII
AMENDMENT, TERMINATION, MERGER

Sec. 12.1 **Amendment**. Subject to the non-diversion provisions of Sec. 10.4, the Company (and not the other Participating Employers) by action of the Board, or by action of a person so authorized by resolution of the Board, may amend the Plan at any time and from time to time. No amendment of the Plan shall have the effect of changing the rights, duties, and liabilities of any Funding Agency without its written consent. Also, no amendment shall divest a Participant or Beneficiary of Accounts accrued prior to the amendment.

Sec. 12.2 **Permanent Discontinuance of Contributions**. A Participating Employer, by action of its board of directors, may completely discontinue contributions in support of the Plan. In such event, notwithstanding any provisions of the Plan to the contrary, no employee of such employer shall become a Participant after such discontinuance. Subject to the foregoing, all of the provisions of the Plan shall continue in effect, and upon entitlement thereto distributions shall be made in accordance with the provisions of Article IX.

Sec. 12.3 **Reorganizations of Participating Employers**. In the event two or more Participating Employers shall be consolidated or merged or in the event one or more Participating Employers shall acquire the assets of another Participating Employer, the Plan shall be deemed to have continued, without termination and without a complete discontinuance of contributions, as to all the Participating Employers involved in such reorganization and their employees. In such event, in administering the Plan the corporation resulting from the consolidation, the surviving corporation in the merger, or the employer acquiring the assets shall be considered as a continuation of all of the Participating Employers involved in the reorganization.

Sec. 12.4 **Termination**. A Participating Employer, by action of its board of directors, may terminate the Plan as applicable to such Participating Employer and its employees. After a termination no employee of such employer shall become a Participant. The Accounts of each Participant in the employ of such Participating Employer at the time of such termination shall be nonforfeitable, the Participant shall be entitled to a benefit equal to the value of those Accounts determined as of the Valuation Date coincident with or next following the termination of the Plan, distributions shall be made to Participants and Beneficiaries as soon as administratively practicable (and, taking into account the provisions of Sec. 12.6) after the termination of the Plan, but not before the earliest date permitted under the Code and applicable regulations, and the Plan and any related trust agreement or group annuity contract shall continue in force for the purpose of making such distributions.

Sec. 12.5 **Partial Termination**. If there is a partial termination of the Plan, either by operation of law, by amendment of the Plan, or for any other reason, which partial termination shall be confirmed by the Company, the Accounts of each Participant with respect to whom the partial termination applies shall be nonforfeitable. Subject to the foregoing, all of the provisions of the Plan shall continue in effect as to each such Participant, and upon entitlement thereto distributions shall be made in accordance with the provisions of Article IX.

Sec. 12.6 **Merger, Consolidation, or Transfer of Plan Assets**. In the case of any merger or consolidation of the Plan with any other plan, or in the case of the transfer of assets or liabilities of the Plan to any other plan, provision shall be made so that each Participant and Beneficiary would (if such other plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he or she would have been entitled to receive immediately before the merger, consolidation, or transfer (if the Plan had then terminated). No such merger, consolidation, or transfer shall be effected until such statements with respect thereto, if any, required by the Code or ERISA to be filed in advance thereof have been filed and the Company has determined that the merger, consolidation, or transfer complies with the requirements of the Code and ERISA, and regulations issued thereunder. In that regard:

(a) The portion of the DM&E Employee Savings Plan attributable to salaried and hourly paid participants was merged into this Plan effective December 13, 2013.

(b) The Soo Savings Plan for TCU Employees was merged into this Plan effective October 27, 2014.

(c) The Soo Line 401(k) Plan for Union Employees was merged into this Plan effective October 27, 2014.

Sec. 12.7 **Deferral of Distributions**. Notwithstanding any provisions of the Plan to the contrary, in the case of a complete discontinuance of contributions to the Plan or of a complete or partial termination of the Plan, the Company or the Funding Agency may defer any distribution of benefit payments to Participants and Beneficiaries with respect to which such discontinuance or termination applies (except for distributions which are required to be made under Sec. 9.1) until after the following have occurred:

(a) Receipt of a final determination from the Treasury Department or any court of competent jurisdiction regarding the effect of such discontinuance or termination on the qualified status of the Plan under Code section 401(a).

(b) Appropriate adjustment of Accounts to reflect taxes, costs, and expenses, if any, incident to such discontinuance or termination.

ARTICLE XIII
TOP-HEAVY PLAN PROVISIONS

Sec. 13.1 **Effective Date**. Unless otherwise provided herein, top heavy plan provisions shall apply to Plan Years beginning after December 31, 2001. For Plan Years prior to January 1, 2002, the top heavy status of the Plan shall be determined according to the provisions of the Plan then in effect.

Sec. 13.2 **Key Employee Defined**. "Key Employee" means any employee or former employee (including any deceased employee) who at any time during the Plan Year that includes the determination date was an officer of the Company or an Affiliate having annual compensation greater than $170,000 (as adjusted under Code section 416(i)(1) for Plan Years beginning after December 31, 2015), a five-percent owner of the Company or an Affiliate, or a one-percent owner of the Company having annual compensation of more than $150,000. For this purpose, annual Compensation means Compensation within the meaning of Code section 415(c)(3), as defined in Sec. 5.1(e) of the Plan. The determination of who is a Key Employee will be made in accordance with Code section 416(i)(1) and the applicable regulations and other guidance of general applicability issued thereunder.

Sec. 13.3 **Determination of Top-Heavy Status**. The top-heavy status of the Plan shall be determined according to Code Section 416 and the regulations thereunder, using the following standards and definitions:

(a) The Plan is a Top-Heavy Plan for a Plan Year beginning after December 31, 2001 if either of the following applies:

(1) If this Plan is not part of a required aggregation group and the top-heavy ratio for this Plan exceeds 60 percent.

(2) If this Plan is part of a required aggregation group of plans and the top-heavy ratio for the group of plans exceeds 60 percent.

Notwithstanding paragraphs (1) and (2) above, the Plan is not a Top-Heavy Plan with respect to a Plan Year if it is part of a permissive aggregation group of plans for which the top-heavy ratio does not exceed 60 percent.

(b) The "top-heavy ratio" shall be determined as follows:

(1) If the ratio is being determined only for this Plan, or if the aggregation group only includes defined contribution plans, the top-heavy ratio is a fraction, the numerator of which is the sum of the account balances of all Key Employees under the Plan or plans as of the determination date (including any part of any account balance distributed in the five-year period ending on the determination date), and the denominator of which is the sum of the account balances (including any part of any account balance distributed in the one-year period ending on the determination

date) of all employees under the Plan or plans as of the determination date. (The "Plans" referred to in the preceding sentence are the plans in the required or permissive aggregation group, as applicable.) The preceding provisions shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the Plan under Code section 416(g)(2)(A)(i). Both the numerator and denominator of the top-heavy ratio shall be adjusted to reflect any contribution not actually made as of the determination date but which is required to be taken into account on that date under Code section 416 and the regulations thereunder. In the case of a distribution made for a reason other than severance from employment, death or disability, the "one-year period" shall be applied by substituting "five-year period" for "one-year period".

(2) If the determination is being made for a required or permissive aggregation group which includes one or more defined benefit plans, the top-heavy ratio is a fraction, the numerator of which is the sum of the account balances of all Key Employees under the defined contribution plan or plans and the present value of accrued benefits of all Key Employees under the defined benefit plan or plans as of the determination date, and the denominator of which is the sum of the account balances of all employees under the defined contribution plan or plans and the present value of accrued benefits of all employees under the defined benefit plan or plans as of the determination date. The account balances and accrued benefits in both the numerator and denominator of the top-heavy ratio shall be adjusted to reflect any distributions made in the one-year period ending on the determination date and any contributions due but unpaid as of the determination date, subject to the special aggregation rule for terminated plans in paragraph (1).

(3) For purposes of paragraphs (1) and (2), the value of account balances and the present value of accrued benefits will be determined as of the most recent valuation date that falls within the 12-month period ending on the determination date. The account balances and accrued benefits of an employee who is not a Key Employee but who was a Key Employee in a prior year will be disregarded. The calculation of the top-heavy ratio and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with Code section 416 and the regulations thereunder. When aggregating plans, the value of account balances and accrued benefits will be calculated with reference to the determination dates that fall within the same calendar year.

(c) "Required aggregation group" means (i) each qualified plan of the employer (including terminated plans) in which at least one Key Employee participates in the Plan Year containing the determination date, or any of the four preceding Plan Years, and (ii) any other qualified plan of the employer that enables a plan described in (i) to meet the requirements of Code sections 401(a)(4) or 410.

(d) "Permissive aggregation group" means the required aggregation group of plans plus any other plan or plans of the employer which, when consolidated as a group with the required aggregation group, would continue to satisfy the requirements of Code sections 401(a)(4) and 410.

(e) "Determination date" means, for any Plan Year subsequent to the first Plan Year, the last day of the preceding Plan Year. For the first Plan Year of the Plan, the last day of that year is the determination date.

(f) The "valuation date" is the last day of each Plan Year and is the date as of which account balances or accrued benefits are valued for purposes of calculating the top-heavy ratio.

(g) For purposes of establishing the "present value" of benefits under a defined benefit plan to compute the top-heavy ratio, any benefit shall be discounted only for mortality and interest based on the interest rate and mortality table specified in the defined benefit plan for this purpose.

(h) If an individual has not performed any services for the employer at any time during the one-year period ending on the determination date with respect to a Plan Year, any account balance or accrued benefit for such individual shall not be taken into account for such Plan Year.

Sec. 13.4 **Minimum Contribution Requirement**. For any Plan Year with respect to which the Plan is a Top-Heavy Plan, the employer contributions and Forfeitures allocated to each Active Participant who is not a Key Employee and whose Termination of Employment has not occurred prior to the end of such Plan Year shall not be less than the minimum amount determined in accordance with the following:

(a) The minimum amount shall be the amount equal to that percentage of the Participant's Compensation for the Plan Year which is the smaller of:

(1) Three percent.

(2) The percentage which is the largest percentage of Compensation allocated to any Key Employee from employer contributions and Forfeitures for such Plan Year.

(b) Any employer contribution attributable to, or contingent upon, a salary reduction or similar arrangement (including Before Tax Deposits, Sick Leave Deposits and Matching Contributions under this Plan) may not be used to satisfy the minimum amount of employer contributions which must be allocated under subsection (a).

(c) This section shall not apply to any Participant who is covered under any other plan of the employer under which the minimum contribution or minimum benefit

requirement applicable to Top-Heavy Plans will be satisfied. For purposes of this section, any employer contribution attributable to a salary reduction or similar arrangement shall be taken into account. Any employer contribution attributable to a salary reduction or similar arrangement (including Before Tax Deposits under this Plan) may not be used to satisfy the minimum amount of employer contributions which must be allocated under this section. However, employer Matching Contributions under this Plan (and employer matching contributions under any other plan whose contributions are to be used to satisfy the requirements of this section) may be used to satisfy the minimum amount of employer contributions which must be allocated under this section. Employer matching contributions that are used to satisfy this section shall be treated as employer matching contributions for purposes of the actual contribution percentage test and other requirements of Code Section 401(m).

(d) For purposes of determining the minimum Contribution under this Sec. 13.4 for Top Heavy Years, the term "Compensation" is defined in Sec. 5.1(e) of the Plan.

Sec. 13.5 **Definition of Employer**. For purposes of this Article XIII, the term "employer" means all Participating Employers and trade or business entity under Common Control with a Participating Employer.

Sec. 13.6 **Exception for Collective Bargaining Unit**. Section 13.4 shall not apply with respect to any employee included in a unit of employees covered by an agreement which the Secretary of Labor finds to be a collective bargaining agreement between employee representatives and one or more employers if there is evidence that retirement benefits were the subject of good faith bargaining between such employee representative and such employer or employers.

ARTICLE XIV
MISCELLANEOUS PROVISIONS

Sec. 14.1 **Insurance Company Not Responsible for Validity of Plan**. No insurance company that issues a contract under the Plan shall have any responsibility for the validity of the Plan. An insurance company to which an application may be submitted hereunder may accept such application and shall have no duty to make any investigation or inquiry regarding the authority of the applicant to make such application or any amendment thereto or to inquire as to whether a person on whose life any contract is to be issued is entitled to such contract under the Plan.

Sec. 14.2 **Headings**. Headings at the beginning of articles and sections hereof are for convenience of reference, shall not be considered a part of the text of the Plan, and shall not influence its construction.

Sec. 14.3 **Capitalized Definitions**. Capitalized terms used in the Plan shall have their meaning as defined in the Plan unless the context clearly indicates to the contrary.

Sec. 14.4 **Gender**. Any references to the masculine gender include the feminine and vice versa.

Sec. 14.5 **Use of Compounds of Word "Here"**. Use of the words "hereof," "herein," "hereunder," or similar compounds of the word "here" shall mean and refer to the entire Plan unless the context clearly indicates to the contrary.

Sec. 14.6 **Construed as a Whole**. The provisions of the Plan shall be construed as a whole in such manner as to carry out the provisions thereof and shall not be construed separately without relation to the context.

Sec. 14.7 **Benefits of Reemployed Veterans**. Notwithstanding any provisions of this Plan to the contrary, contributions, benefits and service credit with respect to Qualified Military Service will be provided in accordance with Code section 414(u). For this purpose:

(a) As provided by Code section 414(u), "Qualified Military Service" means service in the uniformed services (as defined in Chapter 43 of Title 38, United States Code) by an individual if he or she is qualified under such chapter to reemployment rights with the Company or an Affiliate following such military service.

(b) "USERRA" means the Uniformed Services Employment and Reemployment Rights Act of 1994 as amended.

(c) If an individual returns to employment with the Company or an Affiliate following a period of Qualified Military Service under circumstances that he or she has reemployment rights under USERRA, and the individual reports for said

reemployment within the time frame required by USERRA, the following provisions shall apply:

(1) The employee can elect to have "make up" Before Tax Deposits made out of his or her Certified Earnings following his or her period of Qualified Military Service to the extent he or she could have made Before Tax Deposits had he or she remained a Participant in the Plan during the period of his or her Qualified Military Service. The deadline for a returning participant to make up Before Tax Deposits is three times the period of Qualified Military Service but not more than five years. Such Before Tax Deposits shall be matched in the same way as other Before Tax Deposits would have been, but the Before Tax Deposits and Matching Contributions shall not be subject to the provisions of Sec. 4.7 or Sec. 4.8 of the Plan.

(2) The Participant may elect to have his or her loan payments under the Plan suspended and the interest rate on the loan capped in accordance with USERRA and the Servicemembers Civil Relief Act ("SCRA").

(3) The Qualified Military Service shall be recognized as service under the Plan to the same extent as it would have been if the employee had remained continuously employed with the Company or an Affiliate rather than going into the military.

(4) Certified Earnings shall be determined for the individual as of each January 1 during the period of Qualified Military Service. The amount of Certified Earnings shall be determined by the Company consistent with the requirements of the USERRA, and shall reflect the Company's best estimate of the earnings the individual would have received but for the Qualified Military Service. Effective January 1, 2009, any shift differential pay shall be treated as Certified Earnings under the Plan.

(d) The Plan shall comply with the provisions of the Heroes Earnings Assistance and Relief Tax Act (the "HEART Act"), which amended certain provisions of USERRA. The HEART Act is generally effective January 1, 2007 and provides as follows:

(1) If a Participant dies while performing "qualified military service" (as defined in USERRA), the Participant's survivors shall receive the same benefits under the Plan as if the Participant died while employed by a Participating Employer. This rule does not, however, require survivors to be provided with any additional benefit accruals relating to the period of qualified military service.

(2) If a Participant is receiving military shift differential pay (which is the amount of pay, if any, that the Participant is receiving from his or her

Participating Employer while performing qualified military service), he or she may make Before Tax Deposits out of the military shift differential pay. After December 31, 2008, military shift differential pay is subject to federal income tax withholding if the employee is on active duty with the uniformed services for more than 30 days. In addition, the military shift differential pay shall be treated as Certified Earnings under the Plan. FICA and FUTA withholding, however, is not required. If a Participant receiving military differential pay takes a distribution described in paragraph (3) below, however, he or she cannot make Before Tax Deposits for six months following the date of the distribution.

(3) If a Participant receiving military shift differential pay is performing qualified military service for at least 30 days, he or she may take a distribution of part or all of his or her Accounts under the Plan as if he or she had a Termination of Employment. Individuals who take such a distribution have the option to repay the distribution within the two-year period after the end of the qualified military service.

(e) The foregoing provisions are intended to provide the benefits required by USERRA and the HEART Act, and are not intended to provide any other benefits. This section shall be construed consistently with said intent.

ARTICLE XV
REVIEW BOARD

Sec. 15.1 **Review Board**. Except as expressly provided herein to the contrary, a Review Board shall be established for the purpose of hearing and determining all disputes which may arise concerning eligibility for participation in, or benefits payable under, the Plan, but only with respect to Participants whose hours and wages are subject to the terms of a collective bargaining agreement between a Participating Employer and a Participating Union. The Review Board shall act pursuant to the following:

(a) The Review Board shall consist of members selected by the Company and the Participating Unions. Each Participating Union shall be entitled to select one member. The Company may select one or more members and alternate members who may act for any of the members appointed by the Company in the event of absence or inability to act of one or more of the Company appointed members. Likewise, the Participating Unions may select alternate members who may act for any of the members appointed by the Participating Unions in the event of the absence or inability to act of one or more of such members. The Company or the Participating Unions at any time may remove a member appointed by it and may select a member to fill any vacancy caused by such removal or other reason such as resignation or death. Both the Company and the Participating Unions shall, in writing, notify each other respectively concerning such selections, which shall continue until further written notice.

(b) The Review Board shall adopt rules as to what constitutes a quorum for the transaction of business. At all Review Board meetings, Company members present shall be entitled to one aggregate vote and Participating Union members shall be entitled to one aggregate vote. There shall be no fractional votes, and the Company's vote and the vote of the Participating Unions shall be determined by a majority vote of the Company members and the Participating Union members respectively.

(c) The Review Board shall have the authority to appoint subcommittees from the members of the Review Board to handle any problem within the jurisdiction of the Review Board. Such subcommittee shall report exclusively to the Review Board.

(d) The compensation, travel, and other reasonable living expenses, if any, of members of the Review Board selected by the Company which are incidental to the holding of such meetings and performing functions of the Review Board, shall be paid by the Company. The compensation, travel, and other reasonable living expenses, if any, of members of the Review Board selected by the Participating Unions that are incidental to the holding of such meetings and performing such functions of the Review Board, shall be paid by the appropriate Participating Unions.

(e) All decisions and actions taken by the Review Board shall be by two affirmative votes or agreements. Such affirmative votes or agreements shall be in writing if made or given other than during a meeting of the Review Board. All decisions of the Review Board shall be final and binding upon the Company, the Participating Employers, the Participating Unions, and any other person having an interest in, under, or derived from the Plans. No ruling or decision of the Review Board in one case shall create a basis for a retroactive adjustment in any prior case.

(f) If the Review Board shall fail to agree on any matter or dispute coming before it, the matter or dispute shall be submitted to the Review Board sitting with an impartial referee who shall act as chairman during the proceedings pertaining to such matter. Such impartial referee shall have one vote. Two affirmative votes shall be required to render a decision or determination on matters coming before the Review Board sitting together with the impartial referee. The impartial referee shall be selected according to the procedures agreed upon between the Company and Participating Unions; provided, however, that the impartial referee shall be familiar with the provisions of ERISA and the tax laws governing the Plan, and shall have a financial background sufficient to make informed decisions regarding the investment options to be made available under the Plan and to select appropriate investment managers to invest Plan assets.

(g) The compensation and expenses (including premiums for bonding, if any, required by ERISA) of the impartial referee shall be paid by the Plan.

(h) Meetings of the Review Board may be called at any time by both (i) a majority of the Participating Union appointed members and (ii) a majority of the Company appointed members of the Review Board. In addition, meetings of the Review Board may be called by any two Company appointed members or any two Participating Union appointed members of the Review Board upon not less than 30 days notice to the other members of the Review Board. All meetings shall be conducted at the Company's offices unless otherwise agreed to by the Review Board.

(i) The Review Board shall sit as a "System Board of Adjustment" pursuant to Section 3, Second of the Railway Labor Act with respect to all matters referable to it under the Plan, which matters shall not be subject to the grievance procedure provided in the collective bargaining agreements between the Company and the Participating Unions as in effect from time to time. All decisions of the Review Board shall be final, binding and conclusive upon the Company, the Participating Employers, the Participating Unions, the Funding Agency, the Participants and Beneficiaries, and any person having or claiming to have an interest in the Plan and shall be enforceable in any court of competent jurisdiction.

Sec. 15.2 **Powers of the Review Board**. The Review Board shall determine all disputes which may arise concerning eligibility for participation in the Plan or benefits payable under the Plan. The Review Board shall have full power to affirm, reverse or otherwise modify

any decision or administrative action or proposed action which gave rise to any dispute involving matters described in the previous sentence. Notwithstanding the foregoing, any determination of disability made by the Company pursuant to Sec. 2.34, for purposes of determining whether a Termination of Employment has occurred, or any Company determination with respect to a qualified domestic relations order pursuant to Sec. 9.8 shall be final and not subject to reversal or modification by the Review Board. In carrying out its Plan responsibilities, the Review Board shall have the final discretionary authority to construe the terms of the Plan. The Review Board shall have no power to add to or subtract from or modify any of the terms of the Plan. The Review Board shall have the power to establish rules of procedure for the conduct of its business and of hearings before it, which rules shall not be inconsistent with the provisions of the Plan.

Sec. 15.3 **Review Functions**. The Review Board shall have the following rights and review functions:

(a) To examine, during normal business hours, all books, records, reports, regulations, and procedures relative to participation and benefits payable under the Plan, Investment Funds, hardship withdrawals while employed, Participant loans, annual reports, Participant statements and related data.

(b) The Company, the Participating Employers, and each Funding Agency, as the case may be, shall, upon request, furnish to the Participating Union members of the Review Board and the Participating Unions all records and material set forth in subsection (a) above within 30 days from the later of the date on which such material may have been prepared or compiled or a request is made. The Participating Union members of the Review Board may request and shall be entitled to receive additional material and data relating to the foregoing.

Sec. 15.4 **Liability**. The Review Board and any members thereof shall be entitled to rely upon the correctness of any information furnished by the Company and the Participating Unions. Neither the Review Board nor any of its members, nor the Participating Unions, nor any officers or other representatives of the Participating Unions, nor any officers or other representatives of the Participating Employers, nor the Company, nor any officers or other representatives of the Company, shall be liable because of any act or failure to act on the part of the Review Board, or any of its members, except that nothing herein shall be deemed to relieve any such individual from liability for his own fraud or bad faith.

Sec. 15.5 **Indemnity**. The Company as to employer members and alternate employer members of the Review Board and the Participating Unions as to employee members and alternate employee members of the Review Board, shall indemnify, save and hold harmless such members, respectively, from any and all liability, loss, costs, damage or expense which such members or any of them may incur or sustain, arising out of the discharge of the responsibilities under the Plan of the Review Board, but only if such person did not act dishonestly or in bad faith or in willful violation of the law or regulations under which such liability, loss, cost or expense arises. The Company as to employer members and alternate employee members of the Review Board and the Participating Unions as to employee members and alternate employee members of the Review Board shall have the right, but not the obligation, to select counsel and

control the defense and settlement of any action against the indemnitee for which the indemnitee may be entitled to indemnification under this section.

Sec. 15.6 **Company Records**. The Company, the Participating Employers, and the Funding Agency shall keep or cause to be kept such records as may be necessary or appropriate in the discharge of their respective duties hereunder. The records and reports maintained or received by the Company, the Participating Employers or the Funding Agency in connection with the administration of eligibility and benefit determination, hardship withdrawals and Investment Funds under the Plan shall be available for inspection at all reasonable times by the Review Board or the Participating Unions and such consultants as they may employ.

APPENDIX A

Soo Line Railroad Company
Participating Unions

Participating Union	Effective Date of Participation
International Association of Machinists & Aerospace Workers	January 1, 1992
United Transportation Union	April 1, 1995
National Conference of Firemen & Oilers	January 1, 1992
American Railway & Airway Supervisors Association -- Police/Technical Engineers (Division of TCU)	January 1, 1992
Soo Line Locomotive and Car Foreman's Association	January 1, 1992
International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers	January 1, 1992
Brotherhood of Railway Carmen (Division of TCU)	April 1, 1992
Brotherhood of Locomotive Engineers	January 1, 1992
International Brotherhood of Electrical Workers	January 1, 1992
Brotherhood of Railroad Signalmen	July 1, 1992
Brotherhood of Maintenance of Way Employees	January 1, 1992
Sheet Metal Workers International Association	September 1, 1992
American Train Dispatchers Department (Division of BLE)	January 1, 1992
United Transportation Union -- Yardmasters	January 1, 1992

APPENDIX B

Delaware and Hudson Railway Company, Inc.
Participating Unions

Participating Union	Effective Date of Participation
American Railway Supervisors Association (Mechanical)	October 28, 1998
Brotherhood of Locomotive Engineers and Trainmen	October 28, 1998
Brotherhood of Railroad Signalmen	October 28, 1998
International Association of Machinist & Aerospace Workers	October 28, 1998
International Brotherhood of Electrical Workers	October 28, 1998
The National Conference of Firemen & Oilers	October 28, 1998
Transportation Communications International Union	October 28, 1998
Allied Services Division/TCU (Police)	October 28, 1998
Brotherhood of Railway Carmen (Division of TCU)	October 28, 1998
United Transportation Union	October 28, 1998
United Transportation Union - Yardmasters	October 28, 1998
Sheet Metal Workers International Association	October 28, 1998
Brotherhood of Maintenance of Way Employees	February 1, 1999
American Railway Supervisors Association (Engineering)	September 1, 1999

APPENDIX C

Dakota, Minnesota and Eastern Railroad Corporation
Participating Unions

Union Name & Abbreviation	Effective Date of Inclusion in Soo Union 401k plan	Effective Date in CP 401k Plan
Brotherhood of Locomotive Engineers and Trainmen (BLET)	12/13/2013	10/17/2014
United Transportation Union (UTU)	12/13/2013	10/17/2014
Brotherhood of Railway Signalmen (BRS)	12/13/2013	10/17/2014
Brotherhood of Maintenance of Way (BMWED)	12/13/2013	10/17/2014
International Association of Machinists (IAM)	12/13/2013	10/17/2014

UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE JUNE 5, 2013.

STAND-ALONE OPTION AGREEMENT

THIS AGREEMENT is made as of the 4th day of February, 2013

BETWEEN:

CANADIAN PACIFIC RAILWAY LIMITED (the "**Corporation**")

- and -

KEITH CREEL (the "**Optionholder**")

WHEREAS the Options (as defined below) were granted by the Corporation to the Optionholder on February 4, 2013, conditional upon the Optionholder entering into an employment agreement and commencing employment with the Corporation, and conditional upon approval of the Toronto Stock Exchange;

AND WHEREAS the Corporation and the Optionholder entered into an executive employment agreement effective as of February 5, 2013 (the "**Employment Agreement**") to define the terms of the Optionholder's employment as President and Chief Operating Officer of the Corporation;

AND WHEREAS the Toronto Stock Exchange has given its conditional listing approval in respect of the common shares of the Corporation issuable upon exercise of the Options;

AND WHEREAS the Corporation and the Optionholder wish to enter into this Option Agreement to evidence and govern the terms of the Options granted to the Optionholder by the Corporation;

NOW THEREFORE, in consideration of the covenants and agreements set forth herein and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the Corporation and the Optionholder) the Corporation and the Optionholder agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

For the purposes of this Option Agreement, the following terms will have the following meanings:

(a) "**Blackout Period**" means a period during which the Corporation self imposes a prohibition on directors and certain employees trading in the Corporation's securities, including, without limitation, trading and/or exercising the Options;

(b) "**Board**" means the board of directors of the Corporation;

(c) "**Cause**" means:

(i) the continued failure by the Optionholder to substantially perform his duties in connection with his employment by, or service to, the Corporation or any Subsidiary (other than as a result of physical or mental illness) after the Corporation or any Subsidiary has given the Optionholder reasonable written notice of such failure and a reasonable opportunity to correct it;

(ii) the engaging by the Optionholder in any act which is injurious to the Corporation or its reputation, financially or otherwise;

(iii) the engaging by the Optionholder in any act resulting or intended to result, directly or indirectly, in personal gain to the Optionholder at the expense of the Corporation;

(iv) the conviction of the Optionholder by a court of competent jurisdiction on any charge involving fraud, theft or moral turpitude by the Optionholder in connection with the business of the Corporation; or

(v) any other conduct that constitutes cause at common law;

(d) "**Change of Control**" means:

(i) the initial acquisition by any person, or any persons acting jointly or in concert (as determined by the Securities Act (Alberta)), whether directly or indirectly, of voting securities of the Corporation which, together with all other voting securities of the Corporation held by such persons, constitutes, in the aggregate, more than 20% of all outstanding voting securities of the Corporation;

(ii) an amalgamation, arrangement or other form of business combination of the Corporation with another corporation which results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination;

(iii) a sale, disposition, lease or exchange to or with another person or persons (other than a Subsidiary) of property of the Corporation representing 50% or more of the net book value of the assets of the Corporation, determined as of the date of the most recently published audited annual or unaudited quarterly interim financial statements of the Corporation; or

(iv) a change in the composition of the Board over any twelve month period commencing after the date of this Option Agreement such that more than 50% of the persons who were directors of the Corporation at the beginning of the period are no longer directors at the end of the period, unless such change is a consequence of normal attrition;

(e) "**Common Shares**" means common shares of the Corporation;

(f) "**Compensation Committee**" means a compensation committee of the Board consisting of not less than three directors;

(g) "**Corporation**" means Canadian Pacific Railway Limited, and any successor corporation thereto;

(h) "**Date of Termination**" means the actual date of termination of employment of the Optionholder, and excludes any period during which the Optionholder is in receipt of or is eligible to receive any statutory, contractual or common law notice or compensation in lieu thereof or severance or damage payments following the actual date of termination;

(i) "**Employment Agreement**" has the meaning ascribed thereto in the recitals.

(j) "**Exercise Price**" has the meaning ascribed thereto in Section 2.1;

(k) "**Expiry Date**" has the meaning ascribed thereto in Section 2.1;

(l) "**Family Trust**" means a trust, of which at least one of the trustees is the Optionholder and the beneficiaries of which are one or more of the Optionholder and the spouse, minor children and minor grandchildren of the Optionholder;

(m) "**Grant Date**" means February 4, 2013;

(n) "**Notice of Exercise**" means a notice, (i) substantially in the form of the notice set out in Schedule A to this Option Agreement or (ii) such other form of notice as may be established by the Corporation, including by electronic means through a service provider selected by the Corporation from time to time, from the Optionholder to the Corporation giving notice of the exercise or partial exercise of the Options granted to the Optionholder pursuant to this Option Agreement;

(o) "**Options**" means the options to purchase Common Shares granted to the Optionholder pursuant to the terms of this Option Agreement;

(p) "**Option Agreement**" means this agreement, as amended from time to time;

(q) "**Optioned Shares**" has the meaning ascribed thereto in Section 2.1;

(r) "**Optionholder**" means Keith Creel;

(s) "**Personal Holding Corporation**" means a corporation that is controlled by the Optionholder and the shares of which are beneficially owned by the Optionholder and/or the spouse, minor children or minor grandchildren of the Optionholder;

(t) "**person**" has the meaning ascribed to such term in the Securities Act (Alberta);

(u) "**Retirement Trust**" means a trust governed by a registered retirement savings plan or a registered retirement income fund established by and for the benefit of the Optionholder; and

(v) "**Subsidiary**" means any corporation that is a subsidiary of the Corporation as defined in the Securities Act (Alberta).

1.2 Interpretation

1.2.1 Time shall be the essence of this Option Agreement.

1.2.2 Words denoting the singular number include the plural and vice versa and words denoting any gender include all genders.

1.2.3 A Section, unless the context otherwise indicates, is a reference to a Section of this Option Agreement.

1.2.4 This Option Agreement and all matters to which reference is made herein will be governed by and interpreted in accordance with the laws of Alberta and the federal laws of Canada applicable therein.

ARTICLE 2
OPTION GRANT

2.1 Option Grant

2.1.1 On the Grant Date, the Optionholder was, conditional upon the Optionholder entering into an employment agreement and commencing employment with the Corporation, and conditional upon approval of the Toronto Stock Exchange, granted options (the "**Options**") to purchase 159,100 Common Shares (the "**Optioned Shares**") at a price (the "**Exercise Price**") of CAD$115.78 per Common Share and on the terms and subject to the conditions set out in this Option Agreement.

2.1.2 Subject to Sections 3.2 and 3.3, the Options will expire at 5:00 p.m. (Calgary time) on February 4, 2023 (the "**Expiry Date**").

ARTICLE 3
PARTICULARS OF GRANT

3.1 Time of Exercise

3.1.1 Subject to Sections 3.3 and 3.7, (i) the Options may not be exercised by the Optionholder until vested in accordance with Section 3.1.2; and (ii) after being vested, the Options may be exercised from time to time in whole or in part until the Expiry Date.

3.1.2 The Options will vest as follows:

(a) 25% on the first anniversary of the Grant Date; and

(b) 25% on the second anniversary of the Grant Date; and

(c) 25% on the third anniversary of the Grant Date; and

(d) the remaining 25% on the fourth anniversary of the Grant Date.

3.1.3 Notwithstanding Section 3.1.1, the Board may determine after the Grant Date that the Options will be exercisable in whole or in part on earlier dates for any reason.

3.2 Blackout Period Extension of Expiry Date

If the Expiry Date of the Options falls within a Blackout Period, the Expiry Date of the Options shall be extended to the date ten business days after the date on which Blackout Period ends, provided that if within ten business days of the end of a Blackout Period an additional Blackout Period commences the Expiry Date of the Options shall be further extended at the end of the additional Blackout Period so that the number of days during which the Optionholder is able to exercise the Options is extended for a total of ten business days.

3.3 Early Expiry

The Options will continue in effect until their Expiry Date or expire before their Expiry Date, as the case may be, in the following events and manner:

(a) if the Optionholder resigns from his employment (other than in the circumstances described in Section 3.3(c)), then only the portion of the Options that is exercisable at the date of resignation or termination may be exercised by the Optionholder and any such exercise must be during the period ending on the earlier of:

(i) 30 days after the Date of Termination; and

(ii) the Expiry Date,

after which period the Options will expire;

(b) subject to Section 3.7, if the Optionholder's employment is terminated by the Corporation without Cause, including a constructive dismissal, then the Options will continue to become exercisable by the Optionholder pursuant to Section 3.1 after the Date of Termination and any exercise of the Options must be during the period ending on the earlier of:

(i) six months after the Date of Termination; and

(ii) the Expiry Date,

after which period the Options will expire;

(c) if the Optionholder's employment is terminated by the Corporation for Cause, including where the Optionholder resigns from his employment after being requested to do so by the Corporation as an alternative to being terminated for Cause, then the Options will expire on the Date of Termination;

(d) if the Optionholder's employment ceases due to permanent disability, then the Options will continue to become exercisable pursuant to Section 3.1 and will expire on the Expiry Date;

(e) if the Optionholder retires upon attaining the mandatory or early retirement age established by the Corporation from time to time ("Retires") and gives notice of retirement (the "Retirement Notice") to the Corporation in accordance with policy established by the Corporation from time to time, then the Options will continue to become exercisable pursuant to Section 3.1 and will expire on the earlier of:

(i) the date that is five (5) years after the Optionholder Retires; and

(ii) the Expiry Date,

after which period the Options will expire.

If the Optionholder Retires without giving the Retirement Notice, the provisions of Section 3.3(a) shall apply; and

(f) if the Optionholder dies, the Options will vest immediately after the death of the Optionholder, any exercise of the Options must be effected by a legal representative of the Optionholder's estate or by a person who acquires the Optionholder's rights under the Options by bequest or inheritance, and any such exercise must be during the period ending on the earlier of:

(i) 12 months after the death of the Optionholder; and

(ii) the Expiry Date,

after which period the Options will expire,

subject to the right of the Board to, after the Grant Date, set a shorter (with the consent of the Optionholder) or longer period for exercise (not later than the Expiry Date).

3.4 Limited Assignment

3.4.1 The Options may not be assigned, except to:

(a) the Optionholder's Family Trust, Personal Holding Corporation or Retirement Trust (if permitted by applicable securities laws) (or between such entities or from either of such entities to the Optionholder); or

(b) a legal representative of the Optionholder's estate or a person who acquires the Optionholder's rights under the Options by bequest or inheritance on death of the Optionholder;

in which case the assignee will thereafter be the Optionholder for the purposes of this Option Agreement, except in determining early expiry under Section 3.3.

3.4.2 If a Personal Holding Corporation to which the Options have been granted or assigned is no longer controlled by the Optionholder, or the shares of the Personal Holding Corporation are no longer beneficially owned by the Optionholder and persons who were the spouse, minor children or minor grandchildren of the Optionholder at the time of the grant or assignment, then the Options cannot be exercised until they are assigned by the Personal Holding Corporation to the Optionholder or another assignee permitted by Section 3.4.1.

3.5 No Rights as Shareholder or to Remain an officer or employee

3.5.1 The Optionholder will only have rights as a shareholder of the Corporation with respect to those of the Optioned Shares that the Optionholder has acquired through exercise of the Options in accordance with their terms.

3.5.2 Nothing in this Option Agreement will confer on the Optionholder any right to remain as an officer or employee of the Corporation or any Subsidiary.

3.6 Adjustments

3.6.1 Adjustments will be made to (i) the Exercise Price of the Options, and/or (ii) the number of Common Shares delivered to the Optionholder upon exercise of the Options in the following events and manner, subject to any required regulatory approvals and the right of the Board to make such other or additional adjustments, or to make no adjustments at all, as the Board considers to be appropriate in the circumstances:

(a) upon (i) a subdivision of the Common Shares into a greater number of Common Shares, (ii) a consolidation of the Common Shares into a lesser number of Common Shares or (iii) the issue of a stock dividend to holders of the Common Shares (excluding a stock dividend paid in lieu of a cash dividend in the ordinary course), the Exercise Price will be adjusted accordingly and the Corporation will deliver upon exercise of the Options, in addition to or in lieu of the number of

Optioned Shares in respect of which the right to purchase is being exercised, such greater or lesser number of Common Shares as result from the subdivision, consolidation or stock dividend;

(b) upon (i) a capital reorganization, reclassification or change of the Common Shares, (ii) a consolidation, amalgamation, arrangement or other form of business combination of the Corporation with another person or corporation or (iii) a sale, lease or exchange of all or substantially all of the property of the Corporation, the Exercise Price will be adjusted accordingly and the Corporation will deliver upon exercise of the Options, in lieu of the Optioned Shares in respect of which the right to purchase is being exercised, the kind and amount of shares or other securities or property as results from such event;

(c) upon the distribution by the Corporation to holders of the Common Shares of (i) shares of any class (whether of the Corporation or another corporation) other than Common Shares, (ii) rights, options or warrants, (iii) evidences of indebtedness or (iv) cash (excluding a cash dividend paid in the ordinary course), securities or other property or assets, the Exercise Price will be adjusted accordingly but no adjustment will be made to the number of Optioned Shares to be delivered upon exercise of the Options;

(d) adjustments to the Exercise Price of the Options will be rounded up to the nearest one cent and adjustments to the number of Common Shares delivered to the Optionholder upon exercise of the Options will be rounded down to the nearest whole Common Share; and

(e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this Section are cumulative.

3.7 Change of Control

3.7.1 If after the occurrence of a Change of Control, the Optionholder's employment is terminated by the Corporation without Cause, including a constructive dismissal, the Optionholder may exercise all of the Options (including, for greater certainty, the Options that had vested as at the Date of Termination and the Options that had not yet vested as at the Date of Termination), notwithstanding Section 3.1, during the period ending on the Expiry Date, after which the Options will expire.

3.7.2 If a "take-over bid" (within the meaning of applicable securities legislation) made by any person for the voting securities of the Corporation would, if successful, result in a Change of Control, then:

(a) the Corporation will promptly notify the Optionholder of the take-over bid and the rights of the Optionholder under this Section;

(b) the Optionholder may exercise the Options (including, for greater certainty, the Options that had vested as at the Date of Termination and the Options that had not

yet vested as at the Date of Termination), during the period ending on the earlier of the expiration of the take-over bid and the Expiry Date;

(c) the exercise of the Options (including, for greater certainty, the Options that had vested as at the Date of Termination and the Options that had not yet vested as at the Date of Termination) shall only be for the purpose of depositing the Optioned Shares pursuant to the take-over bid; and

(d) if the Optioned Shares are not deposited by the Optionholder pursuant to the take-over bid or, if deposited, are subsequently withdrawn by the Optionholder or not all taken up and paid for by the offeror, then the Optionholder shall promptly return the Optioned Shares (or the portion that are not taken up and paid for) to the Corporation for cancellation, the Options respecting such Optioned Shares shall be deemed not to have been exercised, the Optioned Shares shall be deemed not to have been issued and the Corporation shall refund to the Optionholder the aggregate Exercise Price for the Optioned Shares.

3.8 Accredited Investor

The Optionholder represents that he is an "accredited investor" (as such term is defined in National Instrument 45-106 – *Prospectus and Registration Exemptions*).

ARTICLE 4
EXERCISE OF OPTIONS

4.1 Manner of Exercise

4.1.1 The Optionholder who wishes to exercise the Options may do so by delivering the following to the Corporation on or before the Expiry Date of the Options:

(a) a completed Notice of Exercise; and

(b) subject to Section 4.3, a cheque (which need not be a certified cheque) or bank draft payable to the Corporation for the aggregate Exercise Price of the Optioned Shares being acquired.

4.1.2 If the Optionholder is deceased or mentally disabled, the Options may be exercised by a legal representative of the Optionholder or the Optionholder's estate or by a person who acquires the Optionholder's rights under the Options by bequest or inheritance and who, in addition to delivering to the Corporation the Notice of Exercise and (if applicable) cheque or bank draft described above, must also deliver to the Corporation evidence of their status.

4.2 Delivery of Share Certificate

Not later than five business days after receipt by the Corporation, pursuant to Section 4.1, of the Notice of Exercise and payment in full for the Optioned Shares being acquired, the Corporation will direct its registrar and transfer agent to issue a certificate in the

name of the Optionholder or an intermediary on behalf of the Optionholder (or, if deceased, his or her legal representative or beneficiary) for the number of Optioned Shares purchased by the Optionholder (or his or her legal representative or beneficiary), which will be issued as fully paid and non-assessable Common Shares.

4.3 Cashless Exercise

4.3.1 The Optionholder may elect "cashless" exercise in a Notice of Exercise if the Optioned Shares are to be immediately sold. In such case, the Optionholder will not be required to deliver to the Corporation a cheque or bank draft in respect of the aggregate Exercise Price. Instead, the following procedure will be followed, as detailed in a Cashless Exercise Instruction Form to be provided by the Corporation and completed by the Optionholder (or such other form of cashless exercise instruction as may be established by the Corporation, including by electronic means through a service provider selected by the Corporation from time to time):

(a) the Optionholder will instruct a broker selected by the Optionholder to sell through the Toronto Stock Exchange the Common Shares issuable on exercise of the Options, as soon as possible and at the then applicable bid price for the Common Shares;

(b) on the settlement date for the trade, the Corporation will direct its registrar and transfer agent to issue a certificate in the name of the broker (or as the broker may otherwise direct) for the number of Common Shares issued on exercise of the Options, against payment by the broker to the Corporation of the Exercise Price for such Common Shares; and

(c) the broker will deliver to the Optionholder the remaining proceeds of sale, net of brokerage commission.

4.4 Withholding

If the Corporation determines that the satisfaction of taxes, including withholding tax, or other withholding liabilities is necessary or desirable in respect of the exercise of the Options, the exercise of the Options is not effective unless such taxes have been paid or withholdings made to the satisfaction of the Corporation. The Corporation may require the Optionholder to pay to the Corporation, in addition to the Exercise Price for the Optioned Shares, any amount as the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the Options. Any such additional payment is due no later than the date on which any amount with respect to the Options exercised is required to be included in the gross income of the Optionholder for tax purposes.

ARTICLE 5
MISCELLANEOUS

5.1 Notice

All notices required or allowed to be given under this Option Agreement shall be made either personally or by mailing the same by prepaid registered post to:

The Optionholder:

20639 West High Ridge Drive
Kildeer, IL 60047

The Corporation:

Canadian Pacific Railway Limited
Suite 500, Gulf Canada Square
401 – 9th Avenue S.W.
Calgary, Alberta T2P 4Z4

Attention: Corporate Secretary

Notices delivered personally shall be deemed to be received on the day of delivery, Saturdays, Sundays and statutory holidays excepted; notices given by mail shall be deemed to have been received by the addressee on the tenth business day following the date of mailing. Either party may change its address for notice hereunder in the above manner.

5.2 Counterparts

This Option Agreement may be executed in any number of counterparts, each of which will constitute an original, and all of which together will constitute one and the same instrument.

The parties hereto shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the parties.

5.3 Administration

5.3.1 Subject to the limitations of this Option Agreement, the Corporation has the authority to interpret this Option Agreement and determine all questions arising out of this Option Agreement and the Options granted pursuant hereto, which interpretations and determinations will be conclusive and binding on the Optionholder and all other affected persons.

5.4 Amendment of Options and Agreement

5.4.1 Subject to obtaining any required regulatory approval regarding consent by applicable regulatory bodies, including the Toronto Stock Exchange, the Board shall have the power and authority to approve amendments relating to the Options, including, without limitation, to the extent that such amendment is an amendment to the terms of the outstanding Options (including, without limitation, to cancel the Options or amend the date or dates on which the Options or a portion thereof vests or becomes exercisable), provided that:

(a) the Board would have had the authority to initially grant the Options under terms as so amended; and

(b) the consent of the Optionholder is obtained if the amendment would prejudice the rights of the Optionholder under the Options.

5.5 Acknowledgement

By executing this Option Agreement, the Optionholder acknowledges that he has read and understands the terms of this Agreement and accepts the Options in accordance with the terms of this Option Agreement.

IN WITNESS WHEREOF the Corporation and the Optionholder have entered into this Option Agreement as of February 4, 2013.

CANADIAN PACIFIC RAILWAY LIMITED

By: /s/ E. Hunter Harrison
Name: E. Hunter Harrison
Title: Chief Executive Officer

By: /s/ Peter Edwards
Name: Peter Edwards
Title: Vice President, Human Resources and Industrial Relations

_____ /s/ Keith Creel
Witness Keith Creel

SCHEDULE A – FORM OF NOTICE OF EXERCISE

Canadian Pacific Railway Limited

NOTICE OF EXERCISE

TO: Canadian Pacific Railway Limited
Suite 500, Gulf Canada Square
401 – 9th Avenue S.W.
Calgary, Alberta T2P 4Z4

Attention: Corporate Secretary

Reference is made to the stand-alone option agreement (the "**Option Agreement**") made as of February 4, 2013, between Canadian Pacific Railway Limited (the "**Corporation**") and Keith Creel (the "**Optionholder**"). Capitalized terms used herein and not defined shall have the meanings ascribed to such term in the Option Agreement. The Optionholder hereby exercises the Options to purchase Common Shares of the Corporation as follows:

Number of Optioned Shares for which Options are being exercised: _____

Exercise Price per Common Share: $ _____

Total Exercise Price: $ _____

Check here for exercise of the Options if a cheque (which need not be a certified cheque) or bank draft is tendered with this Notice of Exercise: ☐

Check here for cashless exercise of the Options (in which case the shares will be sold and no cheque or bank draft needs to be tendered with this Notice of Exercise):[1] ☐

Name of Optionholder as it is to appear on share certificate (except for cashless exercise): _____

Address of Optionholder as it is to appear on the register of Common Shares and to which a certificate representing the Common Shares being purchased is to be delivered or, in the case of cashless exercise, to which a cheque is to be delivered: _____

_____

_____

Dated _____, 20____.

_____
Name of Optionholder

_____
Signature of Optionholder

[1] An optionholder electing cashless exercise will be required to submit a completed Cashless Exercise Instruction Form (or such other form of cashless exercise instruction as may be established by the Corporation, including by electronic means through a service provider selected by the Corporation from time to time) at the same time as this Notice of Exercise. The Form may be obtained from the Corporation's human resources department.

Exhibit 10.3

PERFORMANCE SHARE UNIT PLAN FOR ELIGIBLE EMPLOYEES

OF

CANADIAN PACIFIC RAILWAY LIMITED

Adopted with effect from February 17, 2009, amended February 22, 2013, April 30, 2014 and February 18, 2015

1. PREAMBLE AND DEFINITIONS

1.1 **Title.**

The Plan described in this document shall be called the "Performance Share Unit Plan for Eligible Employees of Canadian Pacific Railway Limited".

1.2 **Purposes of the Plan.**

The purposes of the Plan are:

a. to promote a further alignment of interests between employees and the shareholders of the Corporation;

b. to associate a portion of employees' compensation with the returns achieved by shareholders of the Corporation over the medium term; and

c. to attract and retain employees with the knowledge, experience and expertise required by the Corporation

d. to motivate and focus the executive's attention on key performance drivers and indicators of the Corporation.

1.3 **Definitions.**

1.3.1 **"Applicable Law"** means any applicable provision of law, domestic or foreign, including, without limitation, applicable tax and securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder, and Stock Exchange Rules.

1.3.2 **"Beneficiary"** means, subject to Applicable Law, an individual who has been designated by an Eligible Employee, in such form and manner as the Committee may determine, to receive benefits payable under the Plan upon the death of the Eligible Employee, or, where no such designation is validly in effect at the time of death, the Eligible Employee's legal representative.

1.3.3 **"Board"** means the Board of Directors of the Corporation.

1.3.4 **"Cause"** in respect of an Eligible Employee means

(a) the continued failure by the Eligible Employee to substantially perform his or her duties in connection with his or her employment by, or service to, the Corporation or any Subsidiary (other than as a result of physical or mental illness) after the Corporation or any Subsidiary has given the Eligible Employee reasonable written notice of such failure and a reasonable opportunity to correct it;

(b) the engaging by the Eligible Employee in any act which is materially injurious to the Corporation or its reputation, financially or otherwise;

(c) the engaging by the Eligible Employee in any act resulting or intended to result, directly or indirectly, in personal gain to the Eligible Employee at the expense of the Corporation;

(d) the conviction of the Eligible Employee by a court of competent jurisdiction on any charge involving fraud, theft or moral turpitude by the Eligible Employee in connection with business of the Corporation; or

(e) any other conduct that constitutes "cause" at common law.

1.3.5 **"Change in Control"** means the occurrence of any of the following events:

(a) the initial acquisition by any person, or any persons acting jointly or in concert (as determined by the *Securities Act* (Alberta)), whether directly or indirectly, of voting securities of the Corporation which, together with all other voting securities of the Corporation held by such person or persons, constitutes, in the aggregate, more than 20% of all outstanding voting securities of the Corporation;

(b) an amalgamation, arrangement, or other form of business combination of the Corporation with another corporation which results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination;

(c) a sale, disposition, lease or exchange to or with another person or persons (other than a Subsidiary) of property of the Corporation representing 50% or more of the net book value of the assets of the Corporation, determined as of the date of the most recently published audited annual or unaudited quarterly interim financial statements of the Corporation; or

(d) a change in the composition of the Board over any twelve month period commencing after the applicable Grant Date such that more than 50% of the persons who were directors of the Corporation at the beginning of the period are no longer directors at the end of the period, unless such change is as a result of normal attrition

1.3.6 **"Committee"** means the Management Resources and Compensation Committee of the Board or such other committee of the Board which may

be appointed by the Board to, among other things, interpret, administer and implement the Plan.

1.3.7 **"Corporation"** means Canadian Pacific Railway Limited and any successor corporation whether by amalgamation, merger or otherwise.

1.3.8 **"Disability"** means an Eligible Employee's physical or mental incapacity that prevents him from substantially fulfilling his duties and obligations on behalf of the Corporation or, if applicable, a Subsidiary, and in respect of which the Eligible Employee commences receiving, or is eligible to receive, disability benefits under the Corporation's or a Subsidiary's short-term or long-term disability plan.

1.3.9 **"Disability Date"** means, in relation to an Eligible Employee, that date on which the Corporation determines that the Eligible Employee is suffering from Disability.

1.3.10 **"Eligible Employee"** means such employee of the Corporation or a Subsidiary as the Committee may designate as eligible to participate in the Plan.

1.3.11 **"Employed"** means, with respect to an Eligible Employee:

(a) who is granted PSUs under the Plan with a Grant Date prior to January 1, 2014:

(i) that he is performing work at a workplace of the Corporation or a Subsidiary or at one or more locations approved by the Corporation or a Subsidiary (in this Section 1.3.11, an "approved workplace"); or he is not actively at work at an approved workplace due to an approved leave of absence where the period of leave is less than three months; or

(ii) that he is not actively at work at an approved workplace due to an approved leave of absence where the period of leave is or is expected to be at least three months, maternity or parental leave or Disability.

(b) who is granted PSU's under the Plan with a Grant Date of January 1, 2014 or later:

(i) that he is performing work at a workplace of the Corporation or a Subsidiary or at one or more locations approved by the Corporation or a Subsidiary; or he is not actively at work at an approved workplace due to an approved leave of absence where (A) the period of leave is

with pay (including Disability); or (B) where the period of leave is without pay and is 12 months or less; or

(ii) that he is not actively at work at an approved workplace due to an approved leave of absence without pay where the period of leave is or is expected to be greater than twelve months;

For greater certainty, except as expressly provided herein, an individual whose employment has been terminated without Cause by the Corporation or a Subsidiary shall not be considered to be "Employed" for purposes of the Plan during any statutory, contractual or common law notice period and shall be considered to have ceased to be "Employed" for purposes of the Plan on the date on which he or she receives notice of termination of employment from the Corporation or a Subsidiary, as the case may be. Notwithstanding the foregoing, an individual who receives a notice of termination of employment from the Corporation or a Subsidiary shall continue to be considered "Employed" for the purposes of the Plan while he continues to perform work at a workplace of the Corporation or a Subsidiary during a working notice period.

1.3.12 **"Grant"** means a grant of PSUs made pursuant to Section 4.1.

1.3.13 **"Grant Agreement"** means an agreement between the Corporation and an Eligible Employee under which a PSU is granted, as contemplated by Section 4.1, together with such schedules, amendments, deletions or changes thereto as are permitted under the Plan.

1.3.14 **"Grant Date"** means the effective date of a Grant.

1.3.15 **"Market Value"** means, with respect to any particular date, the average closing price per Share on the Stock Exchange during the immediately preceding 30 Trading Days.

1.3.16 **"Performance Criteria"** means such financial and/or personal performance criteria as may be determined by the Committee in respect of a Grant to any Eligible Employee or Eligible Employees and set out in a Grant Agreement. Performance Criteria may apply to the Corporation, a Subsidiary, the Corporation and its Subsidiaries as a whole, a business unit of the Corporation or group comprised of the Corporation and some of its Subsidiaries or a group of Subsidiaries, either individually, alternatively or in any combination, and measured in total, incrementally or cumulatively over a specified performance period, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparator group, or otherwise.

1.3.17 **“Performance Period”** means, with respect to a Grant, the period commencing on January 1 of the year that includes the Grant Date of the Grant and ending on December 31 of the second calendar year after the year that includes the Grant Date of the Grant.

1.3.18 **"Plan"** means this Performance Share Unit Plan for Eligible Employees of Canadian Pacific Railway Limited, including any schedules or appendices hereto, as amended from time to time.

1.3.19 **“PSU”** means a right, granted to an Eligible Employee in accordance with Section 4 hereof, to receive the Market Value of one Share, that becomes Vested, if at all, subject to the attainment of Performance Criteria and satisfaction of such other conditions to Vesting, if any, as may be determined by the Committee.

1.3.20 **“PSU Account”** has the meaning set out in Section 5.1.

1.3.21 **“Retirement”** means the Eligible Employee’s cessation of employment with the Corporation or a Subsidiary, as applicable, at or after the normal or early retirement age established by the Corporation or a Subsidiary from time to time, where the Eligible Employee gives notice to the Corporation or a Subsidiary in accordance with the retirement policy established by the Corporation or a Subsidiary form time to time.

1.3.22 **“Settlement Date”** means, with respect to a Grant, the date following the end of the Performance Period for such Grant fixed by the Committee for settlement of PSUs covered by such Grant that have Vested.

1.3.23 **“Share”** means a common share of the Corporation and such other share as may be substituted for it as a result of amendments to the articles of the Corporation, arrangement, reorganization or otherwise, including any rights that form a part of the common share or substituted share.

1.3.24 **“Stock Exchange”** means the Toronto Stock Exchange with respect to PSUs granted to Eligible Employees paid in Canadian dollars, and the New York Stock Exchange with respect to PSUs granted to Eligible Employees paid in United States dollars, or if the Shares are not listed on the Toronto Stock Exchange or the New York Stock Exchange, such other stock exchange on which the Shares are listed, or if the Shares are not listed on any stock exchange, then on the over-the-counter market.

1.3.25 **“Stock Exchange Rules”** means the applicable rules of any stock exchange upon which shares of the Corporation are listed.

1.3.26 **“Subsidiary”** means any corporation that is a subsidiary of the Corporation as defined in the *Securities Act* (Alberta).

1.3.27 "**Termination**" or "**Date of Termination**" (or any derivative thereof) shall mean (i) the date of termination of an Eligible Employee's active employment with the Corporation or a Subsidiary (other than in connection with the Participant's transfer to employment with the Corporation or another Subsidiary), being the date on which the Eligible Employee ceases to render services to the Corporation or Subsidiary, as applicable, whether such termination is lawful or otherwise, without giving effect to any period of notice or compensation in lieu of notice, but not including any period during which the Eligible Employee remains Employed within the meaning of Section 1.3.11, and (ii) in the case of an Eligible Employee who does not return to active employment with the Corporation or a Subsidiary immediately following a period of absence due to vacation, temporary illness, authorized leave of absence or Disability, the last day of such period of absence.

1.3.28 **"Trading Day"** means any date on which both the Toronto Stock Exchange and the New York Stock Exchange are open for the trading of Shares and on which Shares are actually traded.

1.3.29 "**Vested**" (or any applicable derivative term) shall mean, with respect to a PSU, that the applicable conditions with respect to continued employment, passage of time, achievement of Performance Criteria as determined by the Committee and/or any other conditions established by the Committee have been satisfied or, to the extent permitted under the Plan, waived, whether or not the Eligible Employee's rights with respect to such PSUs may be conditioned upon prior or subsequent compliance with any confidentiality, non-competition or non-solicitation obligations.

2. CONSTRUCTION AND INTERPRETATION

2.1 **Gender, Singular, Plural.** In the Plan, references to the masculine include the feminine; and references to the singular shall include the plural and vice versa, as the context shall require.

2.2 **Governing Law.** The Plan shall be governed and interpreted in accordance with the laws of the Province of Alberta and any actions, proceedings or claims in any way pertaining to the Plan shall be commenced in the courts of the Province of Alberta.

2.3 **Severability.** If any provision or part of the Plan is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.

2.4 **Headings, Sections.** Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions herein contained. A reference to a section or schedule shall, except where expressly stated otherwise, mean a section or schedule of the Plan, as applicable.

3. EFFECTIVE DATE AND EMPLOYMENT RIGHTS

3.1 **Effective Date.** The Corporation is establishing the Plan effective on February, 17, 2009.

3.2 **No Employment Rights.** Nothing contained in the Plan shall be deemed to give any person the right to be retained as an employee of the Corporation or of a Subsidiary.

4. GRANTS AND PERFORMANCE CRITERIA

4.1 **Grant of PSUs.** Each Eligible Employee may receive a Grant of PSUs in such number as may be specified by the Committee, with effect from such date(s) as the Committee may specify. Each grant and the participation of an Eligible Employee in the Plan shall be evidenced by a Grant Agreement between the Corporation and the Eligible Employee in the form approved by the Committee. Each Grant Agreement shall set forth, at a minimum, the type and Grant Date of the Grant evidenced thereby, the number of PSUs subject to such Grant, the applicable Vesting conditions, the applicable Performance Criteria, the applicable Performance Period(s) and the treatment of the Grant upon Termination and may specify such other terms and conditions consistent with the terms of the Plan as the Committee shall determine or as shall be required under any other provision of the Plan. The Committee may include in a Grant Agreement terms or conditions pertaining to confidentiality of information relating to the Corporation's operations or businesses which must be complied with by an Eligible Employee including as a condition of the grant or Vesting of PSUs.

4.2 **Vesting Terms.** PSUs shall become Vested at such times, in such installments and subject to such terms and conditions as may be determined by the Committee and set forth in the applicable Grant Agreement, provided that the conditions to Vesting of PSUs shall be based on the satisfaction of Performance Criteria either alone or in addition to any other Vesting conditions as may be determined by the Committee and may be graduated such that different percentages (which may be greater or less than 100%) of the PSUs credited to an Eligible Employee's PSU Account on a particular Grant Date will become Vested depending upon the extent to which one or more such conditions are satisfied.

4.3 **Administration.** The Committee shall administer the Plan in accordance with its terms. Subject to and consistent with the terms of the Plan, in addition to any authority of the Committee specified under any other terms of the Plan, the Committee shall have full and complete discretionary authority to:

(i) interpret the Plan and Grant Agreements;

(ii) prescribe, amend and rescind such rules and regulations and make all determinations necessary or desirable for the administration and interpretation of the Plan and Grant Agreements;

(iii) determine those Eligible Employees who may be granted PSUs, grant one or more PSUs to such Eligible Employees and approve or authorize the applicable form and terms of the related Grant Agreements;

(iv) determine the terms and conditions of PSUs granted to any Participant, including, without limitation, (A) the number of PSUs subject to a Grant, (B) the Performance Period(s) applicable to a Grant, (C) the conditions to the Vesting of any PSUs granted hereunder, including terms relating to the Performance Period for PSUs and the conditions, if any, upon which Vesting of any PSU will be waived or accelerated without any further action by the Committee, (D) the circumstances upon which a PSU shall be forfeited, cancelled or expire and (E) the consequences of a Termination with respect to a PSU;

(v) determine whether and the extent to which any Performance Criteria or other conditions applicable to the Vesting of an PSU have been satisfied or shall be waived or modified;

(vi) amend the terms of any outstanding PSU granted under the Plan or Grant Agreement provided that such amendment shall not materially adversely affect the rights of any Eligible Employee, without the consent of the Eligible Employee or except as provided in Section 4.3(v), with respect to PSUs that have been granted as of the date on which the amendment is made;

(vii) determine whether, and the extent to which, adjustments shall be made pursuant to Section 5.3 and the terms of any such adjustments.

4.4 **Discretion of the Committee**. Notwithstanding any other provision hereof or of any applicable instrument of grant, the Committee may accelerate or waive any condition to the Vesting of any Grant, all Grants, any class of Grants or Grants held by any group of Eligible Employees

4.5 **Effects of Committee's Decision**. Any interpretation, rule, regulation, determination or other act of the Committee hereunder shall be made in its sole discretion and shall be conclusively binding upon all persons.

4.6 **Liability Limitation**. No member of the Committee or the Board of Directors shall be liable for any action or determination made in good faith pursuant to the Plan or any instrument of grant evidencing any PSU granted under the Plan. To the fullest extent permitted by law, the Corporation and its Subsidiaries shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding in respect of the Plan by reason of the fact that such person is or was a member of the Committee or is or was a member of the Board of Directors.

4.7 **Delegation and Administration**. The Committee may, in its discretion, delegate such of its powers, rights and duties under the Plan, in whole or in part, to any committee or any one or more directors, officers or employees of the Corporation as it may determine from time to time, on terms and conditions as it may determine, except the Committee shall not, and shall not be permitted to, delegate any such powers, rights or duties to the extent such delegation is not consistent with Applicable Law. The Committee may also appoint or engage a trustee, custodian or administrator to administer or implement the Plan or any aspect of it, except that the Committee shall not, and shall not be permitted to, appoint or engage such a trustee, custodian or administrator to the extent such appointment or engagement is not consistent with Applicable Law.

5. ACCOUNTS, DIVIDEND EQUIVALENTS AND REORGANIZATION

5.1 **PSU Account.** An account, called a "PSU Account", shall be maintained by the Corporation, or a Subsidiary, as specified by the Committee, for each Eligible Employee and will be credited with such notional grants of PSUs as are received by an Eligible Employee from time to time pursuant to Section 4.1 and any dividend equivalent PSUs pursuant to Section 5.2. PSUs that fail to vest pursuant to Section 6, or that are paid out to the Eligible Employee or his Beneficiary, shall be cancelled and shall cease to be recorded in the Eligible Employee's PSU Account as of the date on which such PSUs are forfeited or cancelled under the Plan or are paid out, as the case may be.

5.2 **Dividend Equivalent PSUs.** Unless otherwise specified in the Grant Agreement each Grant shall be deemed to provide for the accrual of dividend equivalent amounts for the account of an Eligible Employee as hereinafter provided with respect to cash dividends paid in the ordinary course to shareholders in respect of outstanding Shares. Subject to the terms of the Grant Agreement, if and when cash dividends are paid with respect to Shares (other than any extraordinary dividend) to shareholders of record as of a record date occurring during the period from the Grant Date to the Settlement Date under the Grant Agreement, a number of additional PSUs shall be granted to the Eligible Employee who is a party to such Grant Agreement equal to the product of (i) the cash dividend paid with respect to a Share multiplied by (ii) the number of PSUs subject to such Grant as of the record date for the dividend, divided by the closing price of a Share on the Stock Exchange on the date on which the dividend is paid. The additional PSUs granted to a Participant shall be subject to the same terms and conditions, including Vesting and settlement terms, as the corresponding PSUs.

5.3 **Adjustments.** In the event of any stock dividend, stock split, combination or exchange of Shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any other change in the capital of the Corporation affecting the Shares, such proportionate adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change, shall be made with respect to the number of PSUs outstanding under the Plan.

6. VESTING AND SETTLEMENT OF SHARE UNITS

6.1 **Settlement.** Subject to Section 6.7, PSUs relating to a Performance Period shall be settled upon or as soon as reasonably practicable following the end of the Performance Period applicable to such PSUs, and in any event prior to December 31 of the calendar year immediately following the Performance Period, subject to the Committee's determination of the extent to which the Performance Criteria or other Vesting conditions, if any, for such Performance Period have been satisfied. Settlement of Vested PSUs shall be made by payment in cash or in CP Common Shares at the discretion of the Chief Executive Officer, subject to payment or other satisfaction of all related withholding obligations in accordance with Section 9.2 and the terms of the applicable Grant Agreement, of an aggregate amount equal to the product of:

A the Market Value on the last day of the Performance Period,

multiplied by

B the number of PSUs then being settled**.**

6.2 **Failure to Vest and Minimum Participation Period.** For greater certainty, an Eligible Employee must be Employed in accordance with Section 1.3.11(a)(i) or 1.3.11(b)(i), as applicable, (rounded up to the nearest whole number of months) for a minimum participation period of six (6) months during a Performance Period to receive a cash payment or any other compensation for Vested PSUs. Any period of a leave of absence, with or without pay, will not count towards such minimum participation period. Further, an Eligible Employee shall have no right to receive a cash payment or any other compensation with respect to any PSUs that do not Vest.

6.3 **Continued Employment**. Subject to Sections 4.3, 6.4, 6.5, 6.6 and Section 6.7, Vested PSUs relating to a Grant shall be settled in accordance with Section 6.1 provided that the Eligible Employee is Employed on the Settlement Date in respect of such Grant. For greater certainty, an Eligible Employee shall not be considered to be Employed on a Settlement Date if, prior to such Settlement Date, such Eligible Employee received a payment in lieu of notice of Termination of employment, whether under a contract of employment, as damages or otherwise.. Further, in the event an Eligible Employee has been Employed in accordance with Section 1.3.11(a)(ii) or 1.3.11(b)(ii), as applicable, during the Performance Period in respect of a Grant, the number of PSUs relating to such Grant that become Vested shall be determined by the formula A x B/C, where:

A equals the total number of PSUs relating to such Grant that would have Vested had the Eligible Employee been Employed in accordance with Section 1.3.11(a)(i) or 1.3.11(b)(i), as applicable, throughout such Performance Period;

B equals the total number of months during such Performance Period in which the Eligible Employee was actively Employed in accordance with Section 1.3.11(a)(i) or 1.3.11(b)(i), as applicable, (rounded up to the nearest whole number of months); and

C equals total number of months in the Performance Period relating to such Grant.

6.4 **Termination of Employment for Cause and Resignation**. In the event an Eligible Employee's employment is Terminated for Cause by the Corporation, or a Subsidiary, as applicable, or the Eligible Employee otherwise ceases to be Employed for any reason other than as provided in Section 6.5 prior to the Settlement Date relating to a Grant, no PSUs relating to such Grant and no dividend equivalent PSUs in respect of such PSUs shall Vest.

6.5 **Termination of Employment without Cause, Death or Disability**. Unless otherwise determined by the Committee, subject to Section 6.7, in the event an Eligible Employee ceases to be Employed by reason of Termination of employment without Cause, death or Disability prior to the end of the Performance Period relating to a Grant, a number of PSUs (in this Section 6.5 such PSUs referred to as the "Pro-Rated PSUs") determined by the formula A x B/C, where

A equals the total number of PSUs relating to such Grant, being the number of PSUs credited to the Eligible Employee's PSU Account as at the Grant Date in respect of such Grant, without giving effect to any potential increase or decrease in such number as a result of graduated Vesting conditions pursuant to clause (iv) of Section 4.3;

B equals the total number of months between the first day of the Performance Period for such Grant and the date the Eligible Employee ceases to be Employed (rounded up to the nearest whole number of months); and

C equals total number of months in the Performance Period relating to such Grant,

together with any dividend equivalent PSUs relating to such Pro-Rated PSUs shall be eligible to become Vested PSUs subject to satisfaction or waiver by the Committee of the Performance Criteria relating to such Grant. Pro-Rated PSUs together with any dividend equivalent PSUs relating to such Pro-Rated PSUs under this Section 6.5 that become Vested PSUs shall be settled in accordance with Section 6.1.

6.6 **Retirement** Unless otherwise determined by the Committee, subject to Section 6.7, in the event an Eligible Employee ceases to be Employed by reason of Retirement prior to the end of the Performance Period relating to a Grant:

(a) with respect to a Grant with a Grant Date prior to January 1, 2014, a number of PSUs (in this Section 6.6 such PSUs referred to as the "Pro-Rated PSUs") determined by the formula A x B/C, where

A equals the total number of PSUs relating to such Grant, being the number of PSUs credited to the Eligible Employee's PSU Account as at the Grant Date in respect of such Grant, without giving effect to any potential increase or decrease in such number as a result of graduated Vesting conditions pursuant to clause (iv) of Section 4.3;

B equals the total number of months between the first day of the Performance Period for such Grant and the date of Retirement (rounded up to the nearest whole number of months); and

C equals total number of months in the Performance Period relating to such Grant,

together with any dividend equivalent PSUs relating to such Pro-Rated PSUs shall be eligible to become Vested PSUs subject to satisfaction or waiver by the Committee of the Performance Criteria relating to such Grant. Pro-Rated PSUs together with any dividend equivalent PSUs relating to such Pro-Rated PSUs that become Vested PSUs shall be settled in accordance with Section 6.1; and

(b) with respect to a Grant with a Grant Date of January 1, 2014 or later, a number of PSUs together with any dividend equivalent PSUs relating to such PSUs, shall become Vested PSUs on the last day of such Performance Period that would have vested pursuant to the Plan and the Grant Agreement applicable to such Grant had the Eligible Employee remained Employed until the end of such Performance Period. All such Vested PSUs shall be settled in accordance with Section 6.1.

6.7 **Change in Control**. . In the event of a Change in Control prior to the end of the Performance Period for a Grant, PSUs subject to such Grant shall not be affected and shall continue to vest as per the terms hereof, unless an Eligible Employee ceases to be Employed by reason of a termination of employment without Cause after such Change in Control. If this occurs a number of PSUs determined by the formula A x B/C, where

A equals the total number of PSUs relating to such Grant;

B equals the total number of months between the first day of the Performance Period for such Grant and the Termination Date (rounded up to the nearest whole number of months); and

C equals total number of months in the Performance Period relating to such Grant,

shall become Vested PSUs on the applicable vesting date provided that, for the purpose of factor A, the total number of PSUs relating to such Grant shall be the number of PSUs credited to the Eligible Employee's PSU Account as at the Grant Date in respect of such Grant, without giving effect to any potential increase or decrease in such number as a result of graduated Vesting conditions pursuant to clause (iv) of Section 4.2, together with any related dividend equivalent PSUs credited to the Eligible Employee's PSU Account at the effective date of the Change in Control. PSUs that become Vested PSUs in connection with a Change in Control shall be settled by payment in cash, subject to payment or other satisfaction of all related withholding obligations in accordance with Section 9.2 and the terms of the applicable Grant Agreement, of an aggregate amount equal to the product of:

A the Market Value on the effective date of the Change in Control,

multiplied by

B the number of Vested PSUs determined in accordance with this Section 6.7.

7. CURRENCY

7.1 **Currency.** Except where expressly provided otherwise, all references in the Plan to currency refer to lawful Canadian currency.

8. SHAREHOLDER RIGHTS

8.1 **No Rights to Shares.** PSUs are not Shares and the grant of PSUs will not entitle an Eligible Employee to any shareholder rights, including, without limitation, voting rights, dividend entitlement or rights on liquidation.

9. MISCELLANEOUS

9.1 **Compliance with Laws and Policies.** The Corporation's issuance of any PSUs and its obligation to make any payments is subject to compliance with Applicable Law. Each Eligible Employee shall acknowledge and agree (and shall be conclusively deemed to have so acknowledged and agreed by participating in the Plan) that the Eligible Employee will, at all times, act in strict compliance with Applicable Law and all other laws and any policies of the Corporation applicable to

the Eligible Employee in connection with the Plan including, without limitation, furnishing to the Corporation all information and undertakings as may be required to permit compliance with Applicable Law.

9.2 **Withholdings.** So as to ensure that the Corporation or a Subsidiary, as applicable, will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, including on the amount, if any, includable in the income of an Eligible Employee, the Corporation, or a Subsidiary, as applicable, shall withhold or cause to be withheld from any amount payable to an Eligible Employee, either under this Plan, or otherwise, such amount as may be necessary to permit the Corporation or the Subsidiary, as applicable, to so comply.

9.3 **No Additional Rights.** Neither the designation of an employee as an Eligible Employee nor the grant of any PSUs to any Eligible Employee entitles any person to the grant, or any additional grant, as the case may be, of any PSUs under the Plan.

9.4 **Amendment, Termination.** The Plan may be amended or terminated at any time by resolution of the Board in whole or in part, without the consent of any Eligible Employee, provided that no such amendment or termination may materially adversely affect the rights of any such Eligible Employee, without the consent of the Eligible Employee, with respect to PSUs that have been granted as of the date on which the amendment or termination resolution is made.

9.5 **Administration Costs.** The Corporation will be responsible for all costs relating to the administration of the Plan.

9.6 **Unfunded Obligation.** The obligation to make payments that may be required to be made under the Plan will be an unfunded and unsecured obligation of the Corporation or a Subsidiary, as applicable unless otherwise determined by the Corporation. The Plan, or any provision thereunder, shall not create (or be construed to create) any trust or other obligation to fund or secure amounts payable under the Plan in whole or in part.

10. ASSIGNMENT

10.1 **Assignment.** The assignment or transfer of the PSUs, or any other benefits under this Plan, shall not be permitted other than by operation of law.

February 18, 2015

/s/ Peter Edwards

Peter Edwards
Vice-President, Human Resources and Labour Relations
Canadian Pacific Railway Company

Appendix A
Supplemental Provisions Applicable to U.S. Taxpayers

To the extent an Eligible Employee is granted PSUs that are subject to taxation under the U.S. Internal Revenue Code of 1986, as amended (the "U.S. Code"), such PSUs shall be subject to the provisions set forth in this Appendix A.

A-1. Notwithstanding Section 6.1 of the Plan, PSUs relating to a Performance Period and settled pursuant to Section 6.1 shall in all events be settled during the first calendar year beginning after the last day of the Performance Period.

A-3. All PSUs that are subject to this Appendix A are intended to comply with the requirements of Section 409A of the U.S. Code, and the Plan and this Appendix A shall be interpreted and construed consistently with such intent; provided that in no event shall the Corporation be responsible for any taxes or penalties under Section 409A of the U.S. Code that arise in connection with any amounts payable under this Plan.

Exhibit 10.4

CANADIAN PACIFIC RAILWAY LIMITED

AMENDED AND RESTATED MANAGEMENT STOCK OPTION INCENTIVE PLAN

Effective October 1, 2001; amended February 19, 2002; May 5, 2006, May 9, 2008, February 18, 2009, May 12, 2011, February 28, 2012, February 22, 2013, December 16, 2014, and November 19, 2015

ARTICLE 1 -

ARTICLE 2 -
PURPOSE OF THE PLAN

2.1 Purpose

The purpose of the Canadian Pacific Railway Limited Management Stock Option Incentive Plan is to assist and encourage key officers, employees and Consultants of the Corporation and its Subsidiaries to work towards and participate in the growth and development of the Corporation and its Subsidiaries by granting Options to such persons.

ARTICLE 3 -
DEFINITIONS AND INTERPRETATION

3.1 Definitions

For the purposes of this Plan, the following terms will have the following meanings:

(a) "Administrator" means the Board, the Compensation Committee, the Chief Executive Officer of the Corporation, the Chairman of the Board of Directors or the Chairman of the Compensation Committee, as the case may be, as administrator of the Plan as determined from time to time in accordance with section 3.1(a);

(b) "Blackout Period" means a period during which the Corporation self imposes a prohibition on directors and certain employees trading in the Corporation's securities, including, without limitation, Options or SARs;

(c) "Board" means the board of directors of the Corporation;

(d) "Cause" means:

(i) the continued failure by the Optionholder to substantially perform his or her duties in connection with his or her employment by, or service to, the Corporation or any Subsidiary (other than as a result of physical or mental illness) after the Corporation or any Subsidiary has given the Optionholder reasonable written notice of such failure and a reasonable opportunity to correct it;

(ii) the engaging by the Optionholder in any act which is injurious to the Corporation or its reputation, financially or otherwise;

(iii) the engaging by the Optionholder in any act resulting or intended to result, directly or indirectly, in personal gain to the Optionholder at the expense of the Corporation;

(iv) the conviction of the Optionholder by a court of competent jurisdiction on any charge involving fraud, theft or moral turpitude by the Optionholder in connection with the business of the Corporation; or

(v) any other conduct that constitutes cause at common law;

(e) "Change of Control" means:

(i) the initial acquisition by any person, or any persons acting jointly or in concert (as determined by the *Securities Act* (Alberta)), whether directly or indirectly, of voting

securities of the Corporation which, together with all other voting securities of the Corporation held by such persons, constitutes, in the aggregate, more than 20% of all outstanding voting securities of the Corporation;

(ii) an amalgamation, arrangement or other form of business combination of the Corporation with another corporation which results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination;

(iii) a sale, disposition, lease or exchange to or with another person or persons (other than a Subsidiary) of property of the Corporation representing 50% or more of the net book value of the assets of the Corporation, determined as of the date of the most recently published audited annual or unaudited quarterly interim financial statements of the Corporation; or

(iv) a change in the composition of the Board over any twelve month period commencing after the applicable Grant Date such that more than 50% of the persons who were directors of the Corporation at the beginning of the period are no longer directors at the end of the period, unless such change is a consequence of normal attrition;

(f) "Common Shares" means common shares of the Corporation;

(g) "Compensation Committee" means a compensation committee of the Board consisting of not less than three directors;

(h) "Consultant" means a person engaged to provide ongoing management or consulting services for the Corporation or any Subsidiary;

(i) "Corporation" means Canadian Pacific Railway Limited, and any successor corporation thereto;

(j) "Date of Termination" means the actual date of termination of employment of the Optionholder or termination of the Optionholder's contract as a Consultant, and excludes any period during which the Optionholder is in receipt of or is eligible to receive any statutory, contractual or common law notice or compensation in lieu thereof or severance or damage payments following the actual date of termination;

(k) "Eligible Person" means any officer, employee or Consultant of the Corporation or any Subsidiary, and also includes a Family Trust, Personal Holding Corporation and Retirement Trust;

(l) "Exercise Price" means the price per Common Share at which Common Shares may be subscribed for by an Optionholder pursuant to a particular Option Agreement;

(m) "Expiry Date" means the date on which an Option expires pursuant to the Option Agreement relating to that Option;

(n) "Family Trust" means a trust, of which at least one of the trustees is an Eligible Person and the beneficiaries of which are one or more of the Eligible Person and the spouse, minor children and minor grandchildren of the Eligible Person;

(o) "Grant Date" means the date on which an Option is granted, being the date that the Administrator grants or resolves to grant the Option, unless the Administrator ratifies or

resolves to ratify Options granted on an earlier date or to delay the grant of Options to a later date, in which case the Grant Date will be such earlier or later date;

(p) "Insider" means:

(i) an insider as defined in the *Securities Act* (Alberta), other than a person who falls within that definition solely by virtue of being a director or senior officer of a Subsidiary; and

(ii) an associate, as defined in the *Securities Act* (Alberta), of any person who is an insider by virtue of (i) above;

(q) "Notice of Exercise" means a notice, substantially in the form of the notice set out in Schedule B to this Plan, from an Optionholder to the Corporation giving notice of the exercise or partial exercise of an Option previously granted to the Optionholder;

(r) "Option" means an option to purchase Common Shares granted to an Eligible Person pursuant to the terms of the Plan, and includes any related SARs;

(s) "Option Agreement" means an agreement, substantially in the form of the agreement set out in Schedule A to this Plan, between the Corporation and an Eligible Person setting out the terms of an Option granted to the Eligible Person;

(t) "Optioned Shares" means the Common Shares that may be subscribed for by an Optionholder pursuant to a particular Option Agreement;

(u) "Optionholder" means an Eligible Person to whom an Option has been granted;

(v) "Personal Holding Corporation" means a corporation that is controlled by an Eligible Person and the shares of which are beneficially owned by the Eligible Person and the spouse, minor children or minor grandchildren of the Eligible Person;

(w) "Plan" means this Management Stock Option Incentive Plan of the Corporation, as amended from time to time;

(x) "person" has the meaning ascribed to such term in the *Securities Act* (Alberta);

(y) "Retirement Trust" means a trust governed by a registered retirement savings plan or a registered retirement income fund established by and for the benefit of an Eligible Person;

(z) "SAR" means a share appreciation right granted to an Eligible Person pursuant to the terms of the Plan;

(aa) "Share Compensation Arrangement" means any stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to one or more Eligible Persons, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise; and

(bb) "Subsidiary" means any corporation that is a subsidiary of the Corporation as defined in the *Securities Act* (Alberta).

3.2 Interpretation

(a) Time shall be the essence of this Plan.

(b) Words denoting the singular number include the plural and vice versa and words denoting any gender include all genders.

(c) This Plan and all matters to which reference is made herein will be governed by and interpreted in accordance with the laws of Alberta and the federal laws of Canada applicable therein.

ARTICLE 4 - GENERAL PROVISIONS OF THE PLAN

4.1 Administration

(a) The Plan will be administered by:

(i) the Board;

(ii) if determined by the Board, by the Compensation Committee; or

(iii) if determined by the Board, by the Chief Executive Officer of the Corporation, the Chairman of the Board of Directors or the Chairman of the Compensation Committee with respect to Options granted to Eligible Persons from time to time within the parameters set by the Board.

(b) Subject to the limitations of the Plan and the parameters set by the Board, the Administrator has the authority to:

(i) determine which Eligible Persons are to be granted Options and grant Options to those Eligible Persons;

(ii) determine the terms of such Options;

(iii) prescribe the form of Option Agreement and Notice of Exercise with respect to a particular Option, if other than substantially as set forth in Schedules A and B to this Plan; and

(iv) interpret the Plan and determine all questions arising out of the Plan and any Option granted pursuant to the Plan, which interpretations and determinations will be conclusive and binding on the Corporation, Eligible Persons, Optionholders and all other affected persons.

4.2 Shares Reserved

(a) The maximum number of Common Shares that may be reserved for issuance pursuant to Options granted under the Plan is 11,000,000. The maximum number of Common Shares will be reduced as Options are exercised and the Common Shares so reserved are issued.

(a.1) The maximum number of Common Shares reserved for issuance under the Plan shall be increased on February 20, 2007 by a number of Common Shares equal to (i) the lesser of 7% of the outstanding Common Shares on February 20, 2007 and 11,400,000 Common Shares, less (ii) the sum of the number of Common Shares subject to outstanding Options on February 20, 2007 and the remaining number of Common Shares available for

issuance under the Plan on February 20, 2007 (prior to giving effect to such increase) that are not subject to granted Options.

(a.2) The maximum number of Common Shares reserved for issuance under the Plan shall be increased at and after May 12, 2011 by 3,000,000 shares.

(b) The maximum number of Common Shares that may be reserved for issuance to any one Eligible Person pursuant to Options granted under the Plan is 5% of the number of Common Shares outstanding at the time of reservation.

(c) Any Common Shares subject to an Option that expires or terminates without having been fully exercised may be made the subject of a further Option. No fractional Common Shares may be issued under the Plan.

4.3 Eligibility

Options may be granted by the Administrator to any Eligible Person, subject to the limitations set forth in sections 3.2 and 3.4 and any parameters set by the Board.

4.4 Limits with respect to Insiders

(a) The maximum number of Common Shares that may be reserved for issuance to Insiders pursuant to Options granted under the Plan and any other Share Compensation Arrangement is 10% of the number of Common Shares outstanding.

(b) The maximum number of Common Shares that may be issued to Insiders under the Plan and any other Share Compensation Arrangement within a one-year period is 10% of the number of Common Shares outstanding.

(c) The maximum number of Common Shares that may be issued to any one Insider (and such Insider's associates, as defined in the *Securities Act* (Alberta)), under the Plan and any other Share Compensation Arrangement within a one-year period is 5% of the number of Common Shares outstanding.

(d) For the purposes of (a), (b) and (c) above, any entitlement to acquire Common Shares granted pursuant to the Plan or any other Share Compensation Arrangement prior to the grantee becoming an Insider is to be excluded. For the purposes of (b) and (c) above, the number of Common Shares outstanding is to be determined on the basis of the number of Common Shares outstanding at the time of the reservation or issuance, as the case may be, excluding Common Shares issued under the Plan or under any other Share Compensation Arrangement over the preceding one-year period.

4.5 Non-Exclusivity

Nothing in this Plan will prevent the Board from adopting other or additional Share Compensation Arrangements, subject to obtaining any required regulatory or shareholder approvals.

4.6 Amendment of Plan and Options

(a) The Board may amend, suspend or terminate the Plan at any time, provided that no such amendment, suspension or termination may:

(i) be made without obtaining any required regulatory approval or consent by applicable regulatory bodies, including the Toronto Stock Exchange and the New York Stock Exchange, or shareholder approvals as provided for in section 3.7; or

(ii) prejudice the rights of any Optionholder under any Option previously granted to the Optionholder, without the consent or deemed consent of the Optionholder.

(b) Subject to sections 3.6(a) and 3.7 the Board shall have the power and authority to approve amendments relating to the Plan or to Options, without further approval of the shareholders, including, without limitation, to the extent that such amendment:

(i) is for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;

(ii) is necessary to comply with applicable law or the requirements of any stock exchange on which the Optioned Shares are listed;

(iii) is an amendment to the Plan respecting administration and eligibility for participation under the Plan;

(iv) is an amendment to the Plan of a "housekeeping nature", or

(v) is an amendment to the terms of any outstanding Option (including, without limitation, to cancel an Option or amend the date or dates on which an Option or a portion thereof vests and so becomes exercisable), provided that:

A. the Board would have had the authority to initially grant the Option under terms as so amended; and

B. the consent or deemed consent of the Optionholder is obtained if the amendment would prejudice the rights of the Optionholder under the Option.

4.7 Amendments for which Shareholder Approval is Required

Shareholder approval is not required for amendments to the Plan or Options except as may be required by applicable regulatory bodies, including the Toronto Stock Exchange and New York Stock Exchange and except for any amendment that:

(a) increases the maximum number of Common Shares reserved for issuance pursuant to Options granted under the Plan;

(b) reduces the Exercise Price of an Option to a price below the Exercise Price applicable to such Option determined at the Grant Date; except for the purpose of maintaining Option value in connection with a conversion, change, reclassification, redivision, redesignation, subdivision or consolidation of Common Shares (or a reorganization, amalgamation, consolidation, merger, takeover bid or similar transaction involving the Corporation);

(c) permits the grant of an Option in exchange for, or in connection with, the cancellation or surrender of an Option;

(d) extends the term of an Option beyond the Expiry Date determined at the time of the grant of the Option, except for the extension of the term of an Option beyond the Expiry Date in accordance with section 4.6.1 when the Expiry Date falls within a Trading Blackout;

(e) amends the Plan to permit the granting of an Option with a term in excess of ten years;

(f) amends the Plan to permit non-employee directors of the Corporation or its subsidiaries to participate in the Plan;

(g) amends the Plan to permit Options to be assigned other than to:

(i) an Optionholder's Family Trust, Personal Holding Corporation or Retirement Trust (or between such entities or from either of such entities to the Optionholder),

(ii) a legal representative of the Optionholder's estate or a person who acquires the Optionholder's rights under the Option by bequest or inheritance on death of the Optionholder, or

(iii) otherwise for normal purposes of the settlement of estates of Optionholders;

(h) amends the Plan to permit the grant of instruments other than Options or SARs, including without limitation deferred shares, restricted shares or performance shares; or

(i) amends the amendment provisions contained in section 3.7 for which shareholder approval is required.

4.8 Compliance with Laws and Stock Exchange Rules

The Plan, the grant and exercise of Options under the Plan and the Corporation's obligation to issue Common Shares on exercise of Options will be subject to all applicable federal, provincial and foreign laws, rules and regulations and the rules of any stock exchange on which the Common Shares are listed for trading. No Option will be granted and no Common Shares will be issued under the Plan where such grant or issue would require registration of the Plan or such Common Shares under the securities laws of any foreign jurisdiction except the securities laws of the United States. Common Shares issued to Optionholders pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws.

ARTICLE 5 - GRANT OF OPTIONS

5.1 Grants of Options

Options may be granted to Eligible Persons from time to time (prior to the Date of Termination in respect of a particular Eligible Person) in accordance with this Plan.

5.2 Option Agreement

(a) Upon the grant of an Option, the Corporation will deliver to the Optionholder an Option Agreement dated the Grant Date, containing the terms of the Option and executed by the Corporation. Upon return to the Corporation of the Option Agreement, executed by the Optionholder, the Optionholder will be a participant in the Plan and have the right to purchase the Optioned Shares on the terms set out in the Option Agreement and in the Plan.

(b) An Optionholder may elect at the time of grant to have all or a portion of the Option granted to the Optionholder's Family Trust, Personal Holding Corporation or Retirement Trust (if permitted by applicable securities laws). In that case, an Option Agreement will be entered into between the Corporation and the Family Trust, Personal Holding Corporation or Retirement Trust, which will be the Optionholder for the purposes of this Plan.

5.3 Exercise Price

The Exercise Price of Common Shares subject to an Option will be determined or ratified by the Administrator and will not be less than the market price of the Common Shares at the Grant Date, calculated as:

(a) the closing price of a board lot of the Common Shares on the Toronto Stock Exchange, if the Option is granted in Canadian dollars, or on the New York Stock Exchange, if the Option is granted in United States dollars, on:

(i) the last trading day preceding the Grant Date, if the Option is granted before the close of trading on the Grant Date; or

(ii) the Grant Date, if the Option is granted after the close of trading on the Grant Date;

provided that if the Common Shares did not trade on that trading day, then the closing price on the last preceding trading day on which a board lot of the Common Shares traded will be used;

(b) such other Exercise Price as may be permitted or required by the Toronto Stock Exchange or the New York Stock Exchange, as applicable.

5.4 Time of Exercise

(a) An Option may be exercised by an Optionholder from time to time as follows:

(i) on and after the second anniversary of the Grant Date, as to 50% of the Optioned Shares or any part thereof; and

(ii) on and after the third anniversary of the Grant Date, as to the remaining 50% of the Optioned Shares or any part thereof.

(b) Notwithstanding section 4.4(a):

(i) the Administrator may determine on the Grant Date that a particular Option will be exercisable in whole or in part on different dates or for reasons other than the passage of time (including the achievement by the Corporation or the Optionholder of specified performance or other criteria);

(ii) the Board may determine after the Grant Date that a particular Option will be exercisable in whole or in part on earlier dates for any reason; and

(iii) an Option will be exercisable on an earlier date pursuant to section 4.11, with respect to a Change of Control.

5.5 Expiry Date

The Expiry Date of an Option will be ten years after the Grant Date, subject to:

(a) the right of the Administrator to determine at the time of grant that a particular Option will have a shorter term;

(b) the provisions of section 4.6.1 relating to Blackout Period extensions of the Expiry Date; and

(c) the provisions of section 4.7 relating to early expiry.

5.6 Grants of SARs

(a) SARs may be granted to Eligible Persons at the same time as the grant of an Option.

(b) SARs, if granted, will have the following terms (or such other terms as are consistent with the related Options):

(i) the number of SARS to be granted shall, in the sole discretion of the Administrator, be:

A. one SAR for every two Optioned Shares, or

B. one SAR for each Optioned Share;

(ii) the reference price for an SAR will be the same as the Exercise Price of the related Option;

(iii) SARs may be exercised from time to time by an Optionholder as follows:

A. on and after the second anniversary of the Grant Date, as to 50% of the SARs or any part thereof;

B. on and after the third anniversary of the Grant Date, as to the remaining 50% of the SARs or any part thereof;

(iv) exercise of SARs will result in a reduction in the number of Optioned Shares on the basis of one Optioned Share for each exercised SAR;

(v) exercise of an Option will result in a reduction in the number of SARs on the basis of:

A. one SAR for each Optioned Share purchased in excess of 50% of the number of Optioned Shares, where one SAR was granted for every two Optioned Shares, and

B. one SAR for each Optioned Share purchased, where one SAR was granted for each Optioned Share; and

(vi) the Expiry Date of an SAR will be ten years after the Grant Date.

(c) An Optionholder who wishes to exercise an SAR may do so by delivering a completed Notice of Exercise to the Corporation on or before the Expiry Date of the SAR.

(d) Not later than five business days after receipt by the Corporation pursuant to section 4.6(c) of the Notice of Exercise, the Corporation will pay to the Optionholder, for each exercised SAR, an amount equal to:

(i) the closing price of a board lot of the Common Shares on the Toronto Stock Exchange, if the Option is granted in Canadian dollars, or on the New York Stock Exchange, if the Option is granted in United States dollars on:

A. the last trading day preceding the day of receipt by the Corporation of the Notice of Exercise, if received by the Corporation before the close of trading; or

B. the day of receipt by the Corporation of the Notice of Exercise, if received by the Corporation after the close of trading;

provided that if the Common Shares did not trade on the relevant day, then the closing price on the last preceding trading day on which a board lot of the Common Shares traded will be used; less

(ii) the Exercise Price.

(e) The provisions of this Plan with respect to Options apply to SARs, where appropriate and with the necessary changes.

4.6.1 Blackout Period Extension of Expiry Date

If the Expiry Date of an Option falls within a Blackout Period, the Expiry Date of that Option shall be extended to the date ten business days after the date on which Blackout Period ends, provided that if within ten business days of the end of a Blackout Period an additional Blackout Period commences the Expiry Date of that Option shall be further extended at the end of the additional Blackout Period so that the number of days during which the Optionholders are able to exercise the Option is extended for a total of ten business days.

5.7 Early Expiry

An Option will continue in effect until its Expiry Date or expire before its Expiry Date, as the case may be, in the following events and manner:

(a) if an Optionholder resigns from his or her employment (other than in the circumstances described in (c)), or an Optionholder's contract as a Consultant terminates at its normal termination date, then only the portion of the Option that is exercisable at the date of resignation or termination may be exercised by the Optionholder and any such exercise must be during the period ending on the earlier of (i) 30 days after the date of resignation or termination and (ii) the Expiry Date, after which period the Option will expire;

(b) if an Optionholder's employment is terminated by the Corporation or a Subsidiary without Cause, including a constructive dismissal, or an Optionholder's contract as a Consultant is terminated by the Corporation or a Subsidiary before its normal termination date without Cause, then the Option will continue to become exercisable by the Optionholder pursuant to section 4.4(a) after the Date of Termination and any exercise of the Option must be during the period ending on the earlier of (i) six months after the Date of Termination and (ii) the Expiry Date, after which period the Option will expire;

(c) if an Optionholder's employment is terminated by the Corporation or a Subsidiary for Cause, or an Optionholder's contract as a Consultant is terminated by the Corporation or a Subsidiary before its normal termination date for Cause, including where an Optionholder resigns from his or her employment or terminates his or her contract as a Consultant after being requested to do so by the Corporation or a Subsidiary as an alternative to being terminated for Cause, then the Option will expire on the Date of Termination;

(d) if an Optionholder's contract as a Consultant is frustrated before its normal termination date due to permanent disability, then only the portion of the Option that is exercisable at

the date of frustration may be exercised by the Optionholder and any such exercise must be during the period ending on the earlier of (i) six months after the date of frustration and (ii) the Expiry Date, after which period the Option will expire;

(e) if an Optionholder's employment ceases due to permanent disability, then the Option will continue to become exercisable pursuant to section 4.4 and will expire on the Expiry Date;

(f) if an Optionholder retires upon attaining the mandatory or early retirement age established by the Corporation or a Subsidiary from time to time ("Retires") and gives notice of retirement (the "Retirement Notice") to the Corporation or a Subsidiary in accordance with policy established by the Corporation or a Subsidiary from time to time, then the Option will continue to become exercisable pursuant to section 4.4 and will expire on the earlier of

(i) the date five (5) years after the Optionholder Retires, and

(ii) the Expiry Date, after which period the Option will expire.

If an Optionholder Retires without giving the Retirement Notice the provisions of section 4.7(a) shall apply to such Optionholder; and

(g) if an Optionholder dies, the Option will vest immediately after the death of the Optionholder, any exercise of the Options must be effected by a legal representative of the Optionholder's estate or by a person who acquires the Optionholder's rights under the Option by bequest or inheritance, and any such exercise must be during the period ending on the earlier of:

(i) 12 months after the death of the Optionholder and

(ii) the Expiry Date, after which period the Option will expire,

notwithstanding the foregoing, if an Option may vest, or vests, for reasons other than the passage of time (including the achievement by the Corporation or the Optionholder of specified performance or other criteria) then, if an Optionholder dies, such Option will continue to become exercisable pursuant to section 4.4(a) after the death of the Optionholder, any exercise of such Option must be effected by a legal representative of the Optionholder's estate or by a person who acquires the Optionholder's rights under the Option by bequest or inheritance and any such exercise must be during the period ending on the earlier of

(iii) 12 months after the death of the Optionholder and

(iv) (ii) the Expiry Date, after which period the Option will expire,

subject to the right of:

A. the Administrator to, on the Grant Date, set shorter or longer periods for exercise (not later than the Expiry Date) with respect to a particular Optionholder; and

B. the Board to, after the Grant Date, set shorter (with the consent of the Optionholder) or longer periods for exercise (not later than the Expiry Date) with respect to a particular Optionholder or group of Optionholders.

5.8 Limited Assignment

(a) An Option may not be assigned, except to:

(i) an Optionholder's Family Trust, Personal Holding Corporation or Retirement Trust (or between such entities or from either of such entities to the Optionholder); or

(ii) a legal representative of the Optionholder's estate or a person who acquires the Optionholder's rights under the Option by bequest or inheritance on death of the Optionholder.

(b) If a Personal Holding Corporation to which an Option has been granted or assigned is no longer controlled by the related Eligible Person, or the shares of the Personal Holding Corporation are no longer beneficially owned by the Eligible Person and persons who were the spouse, minor children or minor grandchildren of the Eligible Person at the time of the grant or assignment, then the Option cannot be exercised until it is assigned by the Personal Holding Corporation to that Eligible Person or another assignee permitted by section 4.8(a).

5.9 No Rights as Shareholder or to Remain an Eligible Person; Status of Consultants

(a) An Optionholder will only have rights as a shareholder of the Corporation with respect to those of the Optioned Shares that the Optionholder has acquired through exercise of an Option in accordance with its terms.

(b) Nothing in this Plan or in any Option Agreement will confer on any Optionholder any right to remain as an officer, employee or Consultant of the Corporation or any Subsidiary.

(c) Nothing in this Plan or in any Option Agreement entered into with a Consultant will constitute the Consultant as an employee of the Corporation or any Subsidiary.

5.10 Adjustments

Adjustments will be made to (i) the Exercise Price of an Option, (ii) the number of Common Shares delivered to an Optionholder upon exercise of an Option and/or (iii) the maximum number of Common Shares that, pursuant to section 3.2(a), may at any time be reserved for issuance pursuant to Options granted under the Plan in the following events and manner, subject to any required regulatory approvals and the right of the Board to make such other or additional adjustments, or to make no adjustments at all, as the Board considers to be appropriate in the circumstances:

(a) upon (i) a subdivision of the Common Shares into a greater number of Common Shares, (ii) a consolidation of the Common Shares into a lesser number of Common Shares or (iii) the issue of a stock dividend to holders of the Common Shares (excluding a stock dividend paid in lieu of a cash dividend in the ordinary course), the Exercise Price will be adjusted accordingly and the Corporation will deliver upon exercise of an Option, in addition to or in lieu of the number of Optioned Shares in respect of which the right to purchase is being exercised, such greater or lesser number of Common Shares as result from the subdivision, consolidation or stock dividend;

(b) upon (i) a capital reorganization, reclassification or change of the Common Shares, (ii) a consolidation, amalgamation, arrangement or other form of business combination of the Corporation with another person or corporation or (iii) a sale, lease or exchange of all or substantially all of the property of the Corporation, the Exercise Price will be adjusted

accordingly and the Corporation will deliver upon exercise of an Option, in lieu of the Optioned Shares in respect of which the right to purchase is being exercised, the kind and amount of shares or other securities or property as results from such event;

(c) upon the distribution by the Corporation to holders of the Common Shares of (i) shares of any class (whether of the Corporation or another corporation) other than Common Shares, (ii) rights, options or warrants, (iii) evidences of indebtedness or (iv) cash (excluding a cash dividend paid in the ordinary course), securities or other property or assets, the Exercise Price will be adjusted accordingly but no adjustment will be made to the number of Optioned Shares to be delivered upon exercise of an Option;

(d) upon the occurrence of an event described in (a) or (b) above, the maximum number of Common Shares that, pursuant to section 3.2(a), may at any time be reserved for issuance pursuant to Options granted under the Plan will be adjusted accordingly;

(e) adjustments to the Exercise Price of an Option will be rounded up to the nearest one cent and adjustments to the number of Common Shares delivered to an Optionholder upon exercise of an Option and the maximum number of Common Shares that, pursuant to section 3.2(a), may at any time be reserved for issuance pursuant to Options granted under the Plan will be rounded down to the nearest whole Common Share; and

(f) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;

5.11 Change of Control

(a) If after the occurrence of a Change of Control an Optionholder's employment is terminated by the Corporation or a Subsidiary without Cause, including a constructive dismissal, or an Optionholder's contract as a Consultant is terminated by the Corporation or a Subsidiary before its normal termination date without Cause, the Optionholder may exercise the Option, notwithstanding section 4.4(a), as to any of the Optioned Shares in respect of which the Option has not been exercised. Notwithstanding the foregoing, for Options granted prior to February 28, 2012, on the occurrence of a Change of Control, an Optionholder may exercise the Option, notwithstanding section 4.4(a), as to any of the Optioned Shares in respect of which the Option has not been exercised.

(b) If a "take-over bid" (within the meaning of applicable securities legislation) made by any person for the voting securities of the Corporation would, if successful, result in a Change of Control, then:

(i) the Corporation will promptly notify the Optionholder of the take-over bid and the rights of the Optionholder under this section;

(ii) the Optionholder may exercise the Option, notwithstanding section 4.4(a), as to any of the Optioned Shares in respect of which the Option has not been exercised, during the period ending on the earlier of the expiration of the take-over bid and the Expiry Date;

(iii) exercise of the Option shall only be for the purpose of depositing the Optioned Shares pursuant to the take-over bid;

(iv) the Optionholder may elect cashless exercise pursuant to section 5.3, which will apply with the necessary changes; and

(v) if the Optioned Shares are not deposited by the Optionholder pursuant to the take-over bid or, if deposited, are subsequently withdrawn by the Optionholder or not all taken up and paid for by the offeror, then the Optionholder shall promptly return the Optioned Shares (or the portion that are not taken up and paid for) to the Corporation for cancellation, the Option respecting such Optioned Shares shall be deemed not to have been exercised, the Optioned Shares shall be deemed not to have been issued and the Corporation shall refund to the Optionholder the aggregate Exercise Price for the Optioned Shares (unless the Optionholder elected cashless exercise).

ARTICLE 6 - EXERCISE OF OPTIONS

6.1 Manner of Exercise

An Optionholder who wishes to exercise an Option may do so by delivering the following to the Corporation on or before the Expiry Date of the Option:

(a) a completed Notice of Exercise; and

(b) subject to section 5.3, a cheque (which need not be a certified cheque) or bank draft payable to the Corporation for the aggregate Exercise Price of the Optioned Shares being acquired.

If the Optionholder is deceased or mentally disabled, the Option may be exercised by a legal representative of the Optionholder or the Optionholder's estate or by a person who acquires the Optionholder's rights under the Option by bequest or inheritance and who, in addition to delivering to the Corporation the Notice of Exercise and (if applicable) cheque or bank draft described above, must also deliver to the Corporation evidence of their status.

6.2 Delivery of Share Certificate

Not later than five business days after receipt by the Corporation pursuant to section 5.1 of the Notice of Exercise and payment in full for the Optioned Shares being acquired, the Corporation will direct its registrar and transfer agent to issue a certificate in the name of the Optionholder or an intermediary on behalf of the Optionholder (or, if deceased, his or her legal representative or beneficiary) for the number of Optioned Shares purchased by the Optionholder (or his or her legal representative or beneficiary), which will be issued as fully paid and non-assessable Common Shares.

6.3 Cashless Exercise

An Optionholder may elect "cashless" exercise in a Notice of Exercise if the Common Shares issuable on exercise of an Option are to be immediately sold. In such case, the Optionholder will not be required to deliver to the Corporation the cheque or bank draft referred to in section 5.1. Instead, the following procedure will be followed, as detailed in a Cashless Exercise Instruction Form to be provided by the Corporation and completed by the Optionholder:

(a) the Optionholder will instruct a broker selected by the Optionholder to sell through the Toronto Stock Exchange, if the Option is granted in Canadian dollars, or through the New York Stock Exchange, if the Option is granted in United States dollars, the Common Shares issuable on exercise of an Option, as soon as possible and at the then applicable bid price for the Common Shares of the Corporation;

(b) on the settlement date for the trade, the Corporation will direct its registrar and transfer agent to issue a certificate in the name of the broker (or as the broker may otherwise direct) for the number of Common Shares issued on exercise of the Option, against payment by the broker to the Corporation of the Exercise Price for such Common Shares; and

(c) the broker will deliver to the Optionholder the remaining proceeds of sale, net of brokerage commission.

5.4 Net Stock Settlement

(a) Unless otherwise determined by the Administrator at the Grant Date for an Option, an Optionholder shall be entitled to settle an Option in Common Shares, or a combination of Common Shares and cash, on a net basis calculated and in such form as provided in (c) and (d) below.

(b) Settlement of Options in such form may occur only if and to the extent the Option related thereto is then exercisable and if the Optionholder exercises such entitlement in accordance with such procedures as may be established by the Administrator.

(c) Upon exercise thereof and subject to payment or other satisfaction of all related withholding obligations in accordance with section 5.5 hereof, Options may be settled under this section by delivery of the greatest number of Common Shares having an aggregate Market Value on the date of exercise equal to the following amount:

the product of

(A) the excess of the Market Value of a Common Share on the date of exercise over the Exercise Price for a Common Share under the applicable Option,

multiplied by

(B) the number of Common Shares covered by the Option so settled.

For this purpose, Market Value means the closing price per Common Share of the Common Shares on the Toronto Stock Exchange, if the Option is granted in Canadian Dollars, or on the New York Stock Exchange if the Option is granted in United States dollars, on the trading day preceding the date of exercise.

(d) In addition, unless otherwise determined by the Administrator at the Grant Date, the Optionholder may elect to receive a combination of cash and Common Shares where the aggregate Market Value of the Common Shares and the amount of cash is equal in total to the aggregate amount determined as set forth in (c) above, the amount of cash being that which is determined by the Corporation to satisfy withholding obligations under section 5.5. In the event of such an election, such cash amount shall be used to satisfy the Optionholder's obligations under section 5.5.

(e) On settlement of an Option in accordance with this section, the Option shall be cancelled and the Optionholder shall have no further rights thereunder.

6.5 Withholding

If the Corporation determines that the satisfaction of taxes, including withholding tax, or other withholding liabilities is necessary or desirable in respect of the exercise of any Option, the exercise of the Option is not effective unless such taxes have been paid or withholdings made to the satisfaction of the Corporation. The Corporation may require an Optionholder to pay to the

Corporation, in addition to the Exercise Price for the Optioned Shares, any amount as the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the Option. Any such additional payment is due no later than the date on which any amount with respect to the Option exercised is required to be included in the gross income of the Optionholder for tax purposes.

November 19, 2015

/s/ Peter Edwards

_____

Peter Edwards
Vice-President, Human Resources and Labour Relations
Canadian Pacific Railway Company

SCHEDULE A – FORM OF OPTION AGREEMENT

CANADIAN PACIFIC RAILWAY LIMITED
MANAGEMENT STOCK OPTION INCENTIVE PLAN

OPTION AGREEMENT

This Option Agreement is entered into between Canadian Pacific Railway Limited (the "Corporation") and the Optionholder named below pursuant to the Canadian Pacific Railway Limited Management Stock Option Incentive Plan (the "Plan"), a copy of which is attached hereto, and confirms that:

1. on •, 20• (the "Grant Date");

2. • (the "Optionholder");

3. was granted an option (the "Option") to purchase • Common Shares (the "Optioned Shares") of the Corporation, exercisable from time to time as to:

   (a) 50% on and after the second anniversary of the Grant Date; and

   (b) the remaining 50% on and after the third anniversary of the Grant Date; *[NOTE: or other exercise criteria, as appropriate.]*

4. at a price (the "Exercise Price") of [CDN/US] $• per Common Share; and *[NOTE: Either Canadian or US dollars, being in the same currency as the Optionholder's salary.]*

5. for a term expiring at 5:00 p.m., Calgary time, on •, 20• (the "Expiry Date");

on the terms and subject to the conditions set out in the Plan. [The Optionholder was also granted on the Grant Date • share appreciation rights (the "SARs") of the Corporation exercisable from time to time on the terms and subject to the conditions set out in the Plan.]

By signing this agreement, the Optionholder acknowledges that he or she has read and understands the terms of the Plan and accepts the Option in accordance with the terms of the Plan.

IN WITNESS WHEREOF the Corporation and the Optionholder have executed this Option Agreement as of •, 20•.

Canadian Pacific Railway Limited

By: _____

By: _____

_____
Name of Optionholder

_____
Signature of Optionholder

SCHEDULE B – FORM OF NOTICE OF EXERCISE

Canadian Pacific Railway Limited
MANAGEMENT STOCK OPTION INCENTIVE PLAN

NOTICE OF EXERCISE

TO: Canadian Pacific Railway Limited
7550 Ogden Dale Road S.E.
Calgary, Alberta T2C 4X9

Attention: •

Reference is made to the Option Agreement made as of •, 20•, between Canadian Pacific Railway Limited (the "Corporation") and the Optionholder named below. The Optionholder hereby exercises the Option to purchase Common Shares of the Corporation as follows:

Number of Optioned Shares (or SARs) for which Option being exercised: _____

Exercise Price per Common Share[1]: $ _____

Total Exercise Price: $ _____

Check here for exercise of the Option if a cheque (which need not be a certified cheque) or bank draft is tendered with this Notice of Exercise: ●

Check here for cashless exercise of the Option (in which case the shares will be sold and no cheque or bank draft needs to be tendered with this Notice of Exercise):[2] ●

Check here for exercise of SARs: ●

Check here for Net Stock Settlement (in which case the necessary withholdings will be paid through option gains) ●

Check here for Net Stock Settlement (in which case the optionholder will issue cheque or bank draft for necessary withholdings) ●

Name of Optionholder as it is to appear on share certificate (except for cashless exercise or exercise of SARs): _____

Address of Optionholder as it is to appear on the register of Common Shares of the Corporation and to which a certificate representing the Common Shares being purchased is to be delivered or, in the case of cashless exercise or exercise of SARs, to which a cheque is to be delivered: _____

_____

_____

Dated • , 20•.

---

1 Either Canadian dollars or United States dollars, being in the same currency as the Exercise Price indicated in the Optionholder's Option Agreement.

2 An Optionholder electing cashless exercise will be required to submit a completed Cashless Exercise Instruction Form at the same time as this Notice of Exercise. The Form may be obtained from the Corporation's human resources department.

Name of Optionholder

Signature of Optionholder

Exhibit 10.5

CANADIAN PACIFIC RAILWAY LIMITED

EMPLOYEE SHARE PURCHASE PLAN (US)

Plan Terms and Conditions

July 1, 2006

Table Of Contents

Section 1 — Definitions

For the purpose of the Plan:

"Account" means any real or notional account held in the name of a Participant by the Plan Administrator recording Shares purchased with Participant Contributions or Company Contributions.

"Administrative Agreement" means any agreement or agreements executed from time to time between CPR and the Plan Administrator.

"Affiliate" means any affiliate of CPR designated by CPR for the purposes of the Plan.

"Asset Fund" means the assets of the Plan held by the Plan Administrator, consisting of Participant Contributions, Company Contributions, the Shares and any dividends, interest, or gains derived therefrom, as more fully set out in Section 6.

"Basic Administration Expenses", as determined in CPR's sole discretion, may include, but shall not be limited to, the establishment and tracking of Accounts, payroll deductions, quarterly statements, ancillary administration costs and any brokerage fees applicable to the purchase of Shares.

"Board" means the Board of Directors of CPR as constituted from time to time.

"Business Day" means a day on which the Stock Exchange is open for business in the US.

"CPR" means Canadian Pacific Railway Limited and its majority owned subsidiaries who adopt this Plan. Any reference herein to any action to be taken by CPR means action by or under the authority of the Board.

"Code" means the US Internal Revenue Code as amended from time to time.

"Company Contributions" means contributions made to the Plan by CPR or an Affiliate pursuant to Section 5.

"Continuous Service" means an uninterrupted period of continuous employment by an Eligible Employee as determined by the rules of CPR in effect from time to time. An Eligible Employee's Continuous Service shall not be considered interrupted by CPR-approved leaves of absence or periods in which an Eligible Employee is on furlough, guaranteed extra board, reserve board or is laid-off with recall rights (until the recall period has expired).

"Eligible Bargaining Unit" means any bargaining unit representing CPR employees in the US that has consented to participate in the Plan.

"Eligible Bargaining Unit Representative" means a full-time representative of an Eligible Bargaining Unit on leave from CPR with the right to return to work for CPR.

"Eligible Earnings" means the regular base pay of an employee paid through the CPR or Affiliate payroll system for the relevant period, excluding overtime, bonus, arbitraries,

protection pay, reserve board pay, sub payments and other special or one-time payments received in that period as determined by CPR in accordance with its regular practices in effect; and means deemed earnings for Eligible Bargaining Unit Representatives defined as a monthly amount equal to one-twelfth of the maximum compensation on which an employer is required to pay Tier 2 taxes under Chapter 22 of the Code as in effect during the calendar year.

"Eligible Employee" means each CPR employee in the US who:

i) is a regular full-time or part time non-union employee; or
ii) is a regular full-time, part time or seasonal employee in an Eligible Bargaining Unit; or
iii) is an Eligible Bargaining Unit Representative;

and

iv) is in receipt of Eligible Earnings; and
v) has reached the age of majority under the laws applicable to such employee; and
vi) is in the Continuous Service of CPR, or an Affiliate, and has been designated as eligible to participate in the Plan and such designation has not been revoked;

but does not include:

vii) any employee in respect of whom a decision to cease employment has been made; or
viii) any individual whose services have been engaged by CPR on a temporary basis and who is not eligible to participate in other CPR benefit programs (including but not limited to consultants, casual, students or fixed term employees); or
ix) any employees on Severance or Separation Payments.

"Enrolment/Change Form" means the enrolment/change form in such form as may be determined by CPR from time to time.

"Legal Representative" means executor or executrix appointed under a deceased's will or Court-appointed administrator or trustee of a deceased's estate.

"Market Price" means, for purchases and sales of Shares, the prices at which Shares are purchased or sold on the relevant day on the Stock Exchange.

"Participant" means a person who is an Eligible Employee, who has elected to participate in the Plan and who makes contributions to the Plan from Eligible Earnings pursuant to Section 4 herein.

"Participant Contributions" means contributions made to the Plan by Participants pursuant to Section 4 herein.

"Pay Period" means a Participant's pay period as defined within the CPR pay system (i.e. weekly, biweekly, semi-monthly, monthly, etc.).

"Plan" means this employee share purchase plan (US), as it may be amended from time to time.

“Plan Administrator” means such trust company or companies and/or other corporations appointed by CPR from time to time to administer the Plan on behalf of CPR.

“Plan Reserve” means that portion of the Asset Fund consisting of unallocated Company Contributions; interest earned on contributed funds; dividends payable on Unvested Shares; and forfeited Shares or any resultant proceeds from sale of forfeited Shares, which proceeds shall be for the benefit of CPR. Plan Reserve does not include Participant Contributions or dividends payable on Shares purchased with Participant Contributions even if not yet formally allocated to Participant Accounts.

“Plan Year” means the period of twelve calendar months commencing on January 1 and ending on December 31 of each year, or such other period as may be determined by CPR.

“Restricted Shares” means Shares in a Participant’s Account purchased with Participant Contributions at any time within the previous four (4) consecutive full calendar quarters and for which the contingent Unvested Shares purchased with Company Contributions have not vested in accordance with Paragraph 8.4.

“Retirement” means the cessation of employment at a time when the Participant is entitled to an immediate unreduced pension in accordance with the provisions of the Defined Benefit option of the Canadian Pacific Railway Company Pension Plan (the "CPR Pension Plan"); and further provided that if the Participant does not participate in the CPR Pension Plan, the Participant shall be deemed to have retired if at the time of cessation of the Participant's employment, the Participant would have been entitled to an immediate unreduced pension under the provisions of the Defined Benefit option of the CPR Pension Plan if that Participant had otherwise participated in the CPR Pension Plan and if all of the service of that Participant with CPR (and predecessor employers with respect to which CPR recognizes service for any purpose under a pension plan that covers that Participant) had been deemed to constitute "Service" (as that term is defined in the CPR Pension Plan) in respect of which all contributions had been made under the CPR Pension Plan. For Eligible Bargaining Unit Representatives, service as a bargaining unit representative during the period of time that the Eligible Bargaining Unit Representative is on leave from CPR with the right to return to CPR shall be treated as Union Service under the CPR Pension Plan for purposes of determining an Eligible Bargaining Unit Representative's right to an unreduced pension under the Defined Benefit option of the CPR Pension Plan.

“Shares” means CPR common shares previously issued and traded through the facilities of the Stock Exchange. This term may also be extended to mean either Restricted Shares and/or Unvested Shares, as applicable, for purposes of describing the purchase of such shares in accordance with the Plan.

“Stock Exchange” means the New York Stock Exchange, or such other stock exchange in the United States, on which the Shares are listed and posted for trading.

“Unrestricted Shares” mean the Shares in a Participant’s Account that are not Unvested Shares or Restricted Shares.

"Unvested Shares" means Shares in a Participant's Account purchased with Company Contributions at any time during the previous four (4) consecutive full calendar quarters, except in the circumstances described in Section 9.

"US" means the United States of America.

"Withdrawal/Termination Form" means the withdrawal/termination form in such form as may be determined by CPR from time to time.

Section 2 — Establishment of the Plan

2.1 Purpose

The purpose of this Plan is to provide Eligible Employees with an opportunity to participate in the ownership of CPR on an on-going basis through purchases of Shares.

2.2 Effective date of the Plan

The effective date of the Plan, which was amended and restated as of July 1, 2006 is October 1, 2001.

2.3 Government Regulations

The terms and conditions of this Plan, including the acquisition, sale and delivery of Shares, are subject to compliance with all applicable laws, regulatory requirements and approvals.

Section 3 — Participation and Enrolment

Eligible Employees may elect to enrol as Participants in the Plan in any calendar month in which they are eligible. To enrol, the Eligible Employee must complete and deliver to the Plan Administrator an Enrolment/Change Form. Enrolment in the Plan will be effected as soon as practicable once the completed Enrolment/Change Form is received and processed by both the Plan Administrator and CPR. Delivery of a duly executed Enrolment/Change Form shall constitute acceptance by the Eligible Employee of all the terms and conditions of the Plan as set forth herein and of any regulations adopted or to be adopted pursuant to Section 11 herein.

The Plan Administrator will send a written letter of confirmation of enrolment to the Participant where applicable as soon as practicable.

Participation in the Plan is voluntary. CPR is not making any representations or warranties as to the value of Shares at any time, nor recommending to employees as to whether or not they should participate in the Plan. Employees considering participation in the Plan should consult their own accountant, legal counsel or other financial advisors regarding participation in the Plan.

Section 4 — Participant Contributions to the Plan

4.1 Amount of Contributions

Participants may contribute, via payroll deductions, a percentage of their Eligible Earnings ranging from a minimum of one per cent (1%) to a maximum of ten per cent (10%) (based on whole percentages) for investment under the Plan. The Participant shall indicate the percentage amount of Participant Contributions on the Enrolment/Change Form. Participant Contributions up to six per cent (6%) of Eligible Earnings shall be eligible for Company Contribution pursuant to Paragraph 5.1.

In the event that the Eligible Earnings of a Participant vary at any time in the course of a Plan Year, the Participant Contributions of such Participant shall be automatically adjusted accordingly in order to remain equal to the selected percentage of the Participant's Eligible Earnings as set out in the Enrolment/ Change Form.

4.2 Payroll Deductions

Each Participant shall make Participant Contributions to the Plan by regularly scheduled payroll deductions at the end of each Pay Period for the percentage indicated on the Enrolment/Change Form. The Participant Contributions in any given Plan Year shall be made on the basis of the year of receipt of the Eligible Earnings from which such Participant Contributions are deducted. Payroll deductions shall commence as soon as practicable once the completed Enrolment/Change Form is received and processed by both the Plan Administrator and CPR.

4.3 Continuing Contributions

With the exception of a Participant's voluntary suspension of Participant Contributions as provided for in Paragraph 4.8, Participant Contributions via payroll deductions shall continue indefinitely while the Participant continues to receive Eligible Earnings. Should a Participant cease to receive Eligible Earnings from time to time, payroll deductions will cease and shall resume following the receipt of Eligible Earnings.

4.4 Union Representative Participant Contributions

In the case of Eligible Bargaining Unit Representatives where contributions via payroll deductions are not possible, contributions may be made via post-dated checks provided to CPR, subject to the provisions of Paragraph 4.1. Contributions by this method may be made only on a monthly basis. Upon request, CPR shall notify Eligible Bargaining Unit Representatives of the amount of Eligible Earnings available for determination of contribution amounts and CPR will bring all such Eligible Bargaining Unit Representatives to the Plan Administrator's attention.

4.5 No Retroactive Contributions

A Participant may not make retroactive Participant Contributions to the Plan, unless CPR determines otherwise.

4.6 No Lump Sum Contributions

A Participant may not make lump sum Participant Contributions to the Plan, unless CPR determines otherwise.

4.7 Changes to a Participant's Contribution Level

A Participant may change contribution levels, in whole percentages, once per calendar quarter by providing to the Plan Administrator an Enrolment/Change Form indicating the desired change no later than two (2) weeks prior to the last day of that quarter. The change will be implemented as soon as practicable once the completed Enrolment/Change Form is received and processed by both the Plan Administrator and CPR at which time the Participant Contributions shall be adjusted accordingly, provided such adjustment conforms with Paragraph 4.1.

4.8 Voluntary Suspension of Contributions

A Participant may at any time, by completing and delivering to the Plan Administrator an Enrolment/Change Form, request that Participant Contributions be suspended. The suspension will be implemented as soon as practicable once the completed Enrolment/Change Form is received and processed by both the Plan Administrator and CPR. Participant Contributions shall also be suspended during any period of time that such suspension is required in connection with a hardship withdrawal under any pension plan of CPR qualified under section 401(a) of the Code ("Hardship Suspension"). A Hardship Suspension shall be treated as a voluntary suspension under this Paragraph 4.8. However, in the event of a suspension under this Paragraph 4.8, the Participant shall not be allowed to resume making Participant Contributions until a waiting period of six (6) consecutive months (which shall be treated as running concurrently with any Hardship Suspension) has passed. Upon expiration of the six (6) month waiting period the Participant will have the option of resuming Participant Contributions by completing and delivering to the Plan Administrator a new Enrolment/Change Form. Participant Contributions shall resume as soon as practicable once the completed Enrolment/Change Form is received and processed by both the Plan Administrator and CPR at which time the Participant Contributions shall be adjusted accordingly, provided such adjustment conforms with Paragraph 4.1. If the voluntary suspension exceeds a period of four (4) consecutive full calendar quarters, CPR shall terminate the participation in the Plan of the Participant in accordance with the provisions of Paragraph 9.2.

4.9 Leaves of Absence

Subject to Paragraphs 4.1 and 4.3, a Participant shall continue to make Participant Contributions during any leave of absence for which the Participant continues to receive Eligible Earnings unless such Participant has completed and delivered to the Plan Administrator an Enrolment/Change Form indicating a desire to suspend Participant Contributions, during the period of such absence, in which event Paragraph 4.8 shall become applicable where appropriate and with the necessary changes.

If at any time prior to or during such leave of absence the Participant ceases to receive Eligible Earnings the Participant Contributions of the Participant will cease and shall resume following the receipt of Eligible Earnings. Should the cessation of contributions

under this Paragraph 4.9 extend for a period exceeding four (4) consecutive full calendar quarters, the provisions of Paragraph 9.2 shall apply.

4.10 Remittance of Participant Contributions

Participant Contributions withheld through payroll deduction by CPR and Affiliates in each Pay Period shall be remitted by CPR and Affiliates to the Plan Administrator as soon as practicable but not later than the fifth (5) Business Day following the date such withholding is effected. Participant Contributions described in Paragraph 4.4 shall be remitted by CPR to the Plan Administrator no later than the fifth (5) Business Day following the date of the post-dated check. All Participant Contributions remitted to the Plan Administrator shall be invested solely in Restricted Shares.

4.11 Continued Participation in Plan

During any suspension of Participant Contributions under Section 4 a Participant shall remain eligible to receive Company Contributions earned prior to such suspension of Participant Contributions.

Section 5 — Company Contributions to the Plan

5.1 Company Contributions

In any month during which a Participant has made Participant Contributions, CPR shall remit to the Plan Administrator, in accordance with the provisions of Paragraph 4.10, a Company Contribution. Such Company Contribution shall be equal to thirty-three (33%) percent of the amount of any Participant Contributions being remitted during such period up to six per cent (6%) of Eligible Earnings. For greater certainty Participant Contributions in excess of six per cent (6%) of Eligible Earnings shall not be eligible for corresponding Company Contribution.

The vesting of any Shares purchased with such Company Contributions is contingent upon holding the corresponding Restricted Shares within the Participant Account during the vesting period in accordance with Paragraph 8.4. Actual Company Contributions may be reduced from time to time by the value of forfeited Shares in the Plan Reserve. Shares purchased with Participant Contributions in excess of six per cent (6%) of Eligible Earnings shall be deemed to be Unrestricted Shares.

5.2 Use of Funds

All Company Contributions shall be invested solely in Unvested Shares.

Section 6 – Asset Fund

6.1 Assets of the Asset Fund

The Plan Administrator shall receive from CPR, or its Affiliates, the Participant Contributions of all the Participants made in accordance with Section 4 and the Company Contributions made to the Plan in accordance with Section 5. Participant

Contributions, Company Contributions, and the Shares acquired therewith and any dividends paid on Restricted Shares and Unrestricted Shares thereon, from the date of receipt by the Plan Administrator, shall constitute the Asset Fund of the Plan and shall be held, invested, managed, administered and dealt with by the Plan Administrator pursuant to the terms of the Plan.

6.2 Allocations to Participant Accounts

The Plan Administrator shall maintain a separate Account for each Participant. The Plan Administrator shall credit to the Account of a Participant all Company Contributions made for the benefit of the said Participant, all Participant Contributions made by such Participant, and all Shares acquired therewith. The Plan Administrator shall allocate either absolutely or contingently to each Participant all capital gains realized, and capital losses sustained by the Asset Fund on their Account at such time or times as the Plan Administrator may determine, but in any event, at least annually. The Plan Administrator shall credit to the Plan Reserve all Unvested Shares forfeited by Participants in accordance with Paragraph 8.5.

Section 7 — Investment

7.1 Acquisition of Shares with Participant Contributions

The Plan Administrator shall use Participant Contributions eligible for Company Contribution to purchase Restricted Shares and shall use Participant Contributions not eligible for Company Contribution to purchase Unrestricted Shares, only on the open market through the Stock Exchange.

The Plan Administrator will purchase the requisite number of Restricted Shares and Unrestricted Shares as soon as practicable, as determined by the Plan Administrator, but in no circumstances less than once per calendar month or any other such period as required by securities legislation, stock exchange rules, or other relevant rules. The Plan Administrator will allocate the Restricted Shares and Unrestricted Shares to the appropriate Participant Accounts after each purchase.

7.2 Acquisition of Unvested Shares

The Plan Administrator shall use Company Contributions to purchase Unvested Shares on the open market through the Stock Exchange.

The Plan Administrator will purchase the requisite number of Unvested Shares as soon as practicable, as determined by the Plan Administrator, but in no circumstances less than once per calendar month or any other such period as required by securities legislation, Stock Exchange rules, or other relevant rules.

7.3 Number of Shares Purchased

The number of Restricted Shares, Unrestricted Shares and Unvested Shares purchased depends upon the Market Price of the Shares at the time purchases are made and the total amount of contributed funds available for each of the respective purchases. To the

extent set forth in Section 10.6, CPR will be responsible for the payment of all brokerage commissions or similar fees incurred in connection with such purchases.

The maximum number of Shares that may be purchased pursuant to this Plan is 1,000,000.

Notwithstanding the provisions of Paragraphs 7.1 and 7.2 and Section 8, the Plan Administrator, in its discretion, may limit the daily volume of its purchases of Shares and sales of Shares or make such purchases and sales over several trading days to the extent that such action is deemed by it to be in the best interests of Participants. Should the purchase or sale of Shares by the Plan Administrator in any given month be at various prices, the Plan Administrator shall establish an average weighted purchase or sale price, as the case may be, applicable for each Share in the relevant month.

7.4 Registration of Shares

At the time of purchases, all Participants shall acquire beneficial ownership of all Restricted Shares and Unrestricted Shares and of any fractional interest in Restricted Shares and Unrestricted Shares acquired for their Account. Notwithstanding any other provisions of this Plan, no fractional common share certificates will be issued.

All Shares purchased by the Plan Administrator on behalf of a Participant pursuant to this Plan shall be registered in the name of the Plan Administrator, on behalf of such Participant. Provided Unvested Shares have not been forfeited pursuant to Paragraph 8.5 and are governed by the provisions of the Plan, they shall be held by the Plan Administrator on behalf of Participants. All rights and privileges, however, with respect to Shares, including voting rights, shall be exercised by Participants through the Plan Administrator, and any dividends shall be credited to Participant Accounts.

7.5 Allocation of Shares

Allocations of Restricted Shares and Unrestricted Shares shall be made to each Participant’s Account in proportion to the contributions received in respect of such Participant. Allocations shall be made in whole and fractional Shares. Restricted Shares and Unrestricted Shares purchased with Participant Contributions shall be held for the Account of Participants. Participants shall not be allowed under any circumstance to withdraw a fraction of a Share. The value of any such fractional Share will be paid in cash.

7.6 Dividends

In the event a cash dividend is paid to holders of Shares, the net amount of such cash dividend attributable to Shares allocated to Plan Accounts, excluding any Unvested Shares, shall be applied to purchase Unrestricted Shares for the benefit of Participants. The net amount of the cash dividend that is available for the purchase of Shares shall be determined after deduction from the gross amount of the cash dividend of such amount of income and employment tax (if any) as is required to be withheld in accordance with applicable law (including foreign law) to the extent applicable to the Participant in question.

Each Participant shall receive quarterly confirmation from the Plan Administrator, which will include all changes, if any, in the amount of common shares held for the Participant's Account.

7.7 Interest

All Participant Contributions and Company Contributions remitted to the Plan Administrator shall, prior to the acquisition of Restricted Shares, Unrestricted Shares or Unvested Shares, earn interest. Any such interest earned on contributions between the time of receipt, by the Plan Administrator, and their subsequent investment in Shares shall be applied to offset Basic Administration Expenses, to the extent possible, in accordance with all applicable laws and regulations.

7.8 Shares acquired at end of Plan Year

Where Participant Contributions and/or purchases are made in respect of a Plan Year, but are not settled until after the end of that Plan Year, such Shares will be reflected in the new Plan Year.

Section 8 — Withdrawals/Sales of Shares

8.1 Sale of Shares

Upon completion and delivery to the Plan Administrator of a completed Withdrawal/Termination Form, a Participant may direct the Plan Administrator to sell some or all of the Unrestricted Shares or Restricted Shares in their Account. Upon such sale, the Plan Administrator shall pay to the Participant an amount equal to the net proceeds from the sale of such Shares. Any fees applicable to the sale of Shares shall be paid by Participants and withheld from settlement of the sale by the Plan Administrator.

For the purpose of the Plan, a Participant shall be deemed to sell all Unrestricted Shares in the Account prior to the sale of Restricted Shares in the Account. For purposes of the Plan, Restricted Shares shall be deemed to be sold on a "first in, first out" basis for purposes of determining forfeiture of Unvested Shares in accordance with Paragraph 8.5.

The price of fractional Shares will be the same as the price of whole Shares. Fractional Shares may only be sold by a Participant upon termination of participation in the Plan.

8.2 Withdrawal of Shares

Upon completion and delivery to the Plan Administrator of a completed Withdrawal/Termination Form, a Participant may direct the Plan Administrator to withdraw some or all of the Unrestricted Shares and/or Restricted Shares in the Account. Upon such withdrawal, the Plan Administrator shall transfer title and deliver to the Participant those Shares that have been withdrawn at the Participant's direction. Any fees applicable to the withdrawal of Shares shall be payable by the Participant and withheld from settlement by the Plan Administrator.

For the purpose of the Plan, a Participant shall be deemed to withdraw the Unrestricted Shares in the Account prior to the withdrawal of Restricted Shares in the Account. For purposes of the Plan, Restricted Shares shall be deemed to be withdrawn on a “first in, first out” basis for purposes of determining forfeiture of Unvested Shares in accordance with Paragraph 8.5.

The price of fractional Shares will be the same as the price of whole Shares. Fractional Shares may only be withdrawn by a Participant upon termination of participation in the Plan.

8.3 Restriction on Sale and Withdrawal

A Participant may not direct the Plan Administrator to sell or withdraw any Unvested Shares. In the event a Participant sells or withdraws any Restricted Shares, the Participant shall forfeit all Unvested Shares contingent on such Restricted Shares in accordance with Paragraph 8.5.

Should a Participant make more than two (2) transactions being either a sale or withdrawal during a Plan Year such Participant shall be suspended from contributing to the Plan for a period of six (6) consecutive months from the date of such transaction, provided that the foregoing restriction shall not apply to Unrestricted Shares for which there were no corresponding Unvested Shares purchased with a Company Contribution. For greater certainty, any Unrestricted Shares purchased on behalf of a participant with Participant Contributions in excess of six per cent (6%) of Eligible Earnings may be sold or withdrawn by the Participant at any time without suspension of Participant from contributing to the Plan.

The Participant shall have the option of resuming Participant Contributions in accordance with the provisions of Paragraph 4.8 as if the suspension were deemed to be a voluntary suspension.

8.4 Vesting of Unvested Shares

All Unvested Shares shall immediately vest to become Unrestricted Shares on the first day of the calendar quarter after a holding period of four (4) consecutive full calendar quarters has passed subsequent to their purchase provided that the corresponding Restricted Shares upon which the Unvested Shares are contingent have, at all times during this period, been held for the Account of the Participant. Upon vesting of Unvested Shares all Restricted Shares upon which such Unvested Shares were contingent shall immediately become Unrestricted Shares.

8.5 Forfeiture of Unvested Shares

In the event a Participant chooses to sell or withdraw any Restricted Shares, such Participant shall forfeit all Unvested Shares contingent on such Restricted Shares and shall not be entitled to title to, or any proceeds of, such sale. Such Unvested Shares shall be credited to the Plan Reserve and may be utilized to satisfy future Company Contributions.

8.6 Compliance with Securities Laws

Any sale, withdrawal or other transfer of Shares pursuant to the Plan may only be made in compliance with applicable securities laws and Stock Exchange rules.

Section 9 –Termination of Participation in the Plan

9.1 Voluntary Termination of Participation

Participants may, at their discretion, terminate their participation in the Plan at any time by providing to the Plan Administrator a Termination/Withdrawal Form. The termination will be implemented as soon as practicable once the completed Termination/Withdrawal Form is received and processed by both the Plan Administrator and CPR. Upon such termination the Participant's Account will be closed by the Plan Administrator in accordance with the provisions of Paragraph 9.3.

9.2 Automatic Termination

The Plan Administrator shall, on behalf of CPR, terminate the participation in the Plan of any Participant who has had nil (zero) balances or has not made any Participant Contributions for a consecutive period exceeding four (4) consecutive full calendar quarters unless stated otherwise. The Plan Administrator shall monitor Participants who have not made contributions for such period and will, on behalf of CPR, terminate the participation in the Plan of such Participants. In the event of such termination the closure of the Participant's Account shall be handled in accordance with the provisions of Paragraph 9.3.

Dividends received within the period as a result of Share holdings within the Account do not qualify as contributions for the purposes of determining inactivity.

9.3 Account Closure Upon Termination

Upon the termination of a Participant's participation in the Plan for any reason the Plan Administrator will effect the closure of the Participant's Account and shall either transfer and deliver or sell all of the Unrestricted Shares and Restricted Shares in the Participant's Account, at the option of the Participant, or Legal Representative in the event of death of the Participant. The transfer and delivery of the Shares or payment of the net proceeds of sale, as the case may be, shall be effected as soon as practicable but in no event later than thirty (30) days from the date the Plan Administrator receives notification of such termination. Any fees applicable to the issuance of share certificates or the sale transaction will be payable by the Participant, or the Participant's estate in the event of death of the Participant and shall be withheld from settlement by the Plan Administrator.

If the Participant or Legal Representative fails to make an election, or if no Legal Representative comes forward to CPR, within ninety (90) calendar days of the termination of the Participant's participation in the Plan, the Plan Administrator shall issue a share certificate for all whole Shares recorded in such Account, plus a cash payment equal to the value of any fraction of a Share. The Plan Administrator shall send

the share certificate and any cash payment to the last known address of such Participant or Legal Representative, as the case may be.

The Participant shall not be entitled to title to, or proceeds of, sale of their Unvested Shares. Such Shares shall be credited to the Plan Reserve and may be utilized to satisfy future Company Contributions.

In the event of a transfer and delivery of Shares, the Plan Administrator will issue a share certificate for all whole Shares recorded in a Participant's Account, plus a cash payment equal to the value of any fraction of a Share as determined in accordance with the provisions of Paragraph 8.2.

The Plan Administrator shall send a written letter of confirmation of termination from the Plan to the Participant where applicable as soon as practicable.

9.4 Rejoining the Plan

Any former Participant who chooses to re-join the Plan will be subject to a mandatory six (6) month waiting period prior to re-enrolment. The Plan Administrator will keep track of such period and will, on behalf of CPR, re-enrol any former Participant who has completed such waiting period and submits a new Enrolment/Change Form as per Section 3. The re-enrolment of such Participant shall be effected as soon as practicable once the completed Enrolment/Change Form is received and processed by both the Plan Administrator and CPR.

9.5 Resignation or Termination for Cause

In the event that the employment of a Participant is terminated for cause or a Participant resigns, such Participant's participation in the Plan shall be terminated on the termination or resignation date, as the case may be. Upon notification of a termination or resignation the Plan Administrator shall effect the closure of the Participant's Account in accordance with Paragraph 9.3.

9.6 Termination in other circumstances

In the event of the death, Retirement or involuntary termination without cause of a Participant, such Participant's participation in the Plan will be terminated effective on the date of death or the date of retirement or termination, as the case may be. Upon notification of such termination, the Plan Administrator shall effect the closure of the Participant's Account in accordance with Paragraph 9.3 with the exception that all Unvested Shares shall vest immediately and all proceeds or title shall accrue to the benefit of the Participant.

9.7 Company Contributions Upon Certain Terminations

In the event of the death, Retirement or involuntary termination without cause of a Participant, CPR or the relevant Affiliate shall, not later than thirty (30) days following receipt of satisfactory evidence of death, Retirement or involuntary termination without cause remit to the Plan Administrator for the benefit of such Participant, any outstanding Company Contribution in accordance with Sections 5 and 8 and any such Company

Contributions previously remitted, but not yet allocated for the benefit of the Participant, shall be immediately so allocated.

Section 10 — Administration of the Plan

10.1 Responsibility for Administration

CPR will be responsible for the administration of the Plan and for the interpretation of its provisions. Where any reference in the Plan is made to any action to be taken, consent, approval or opinion to be given, direction or decision to be exercised or made by CPR, it shall be read as Canadian Pacific Railway Limited acting directly or through its subsidiaries and through their authorized officers or any other person authorized by the Board, where required for the purposes of the Plan.

10.2 Maintenance of Records

The Plan Administrator will maintain records of the Plan Accounts held in the name of each Participant and all transactions with respect to such Plan Accounts, including a record of whole and fractional Shares allocated, the dates of allocation and the price at which such allocations are made and shall hold, for a period mutually agreed upon by CPR and the Plan Administrator, all forms of authorization and designation, as specified by CPR from time to time, submitted by CPR employees.

10.3 Appointment of Plan Administrator

CPR shall appoint (and by their participation in the Plan, Participants authorize CPR to appoint) one or more Plan Administrators to perform such functions as may be specified in the Administrative Agreement(s). Any reference in the Plan to the purchase or sale of Shares by the Plan Administrator shall be read to include the purchase or sale of Shares effected through such broker(s) or agent(s) as may be appointed by the Plan Administrator from time to time.

10.4 Rules and Procedure

CPR may from time to time adopt rules and procedures in respect of the administration of the Plan, provided that all such rules and procedures shall be consistent with the provisions of the Plan as in effect from time to time. Such rules and procedures may vary for different employees. The rules and procedures shall be binding on all Participants and Eligible Employees in respect of whom such rules and procedures are applicable.

10.5 Delegation of Administrative Responsibilities

CPR may delegate to third parties, including the Plan Administrator, the whole or any part of the administration of the Plan and shall determine the scope of such delegation in its sole discretion. Any decision taken by CPR or its delegate in carrying out responsibilities with respect to the administration of the Plan, including the interpretation or application of any rules or procedures adopted, pursuant to Paragraph 11.1, shall be final and binding on the Participants and their beneficiaries.

10.6 Costs and Expenses

CPR shall pay net Basic Administration Expenses in connection with the operation of the Plan as determined by CPR. Basic Administration Expenses shall be reduced, to the extent possible, by any dividends on Unvested Shares and the amount of any interest earned on contributed funds, prior to their investment in Shares, in accordance with Paragraph 7.7. All fees exclusive of Basic Administration Expenses, including, without limitation, any brokerage or other charges in connection with the sale of Shares, issuance of share certificates or transfer of Shares shall be payable by the Participant in accordance with Section 8. Any fees charged in connection with the Participant's use of the Plan Administrator's service call center shall be payable by the Participant.

10.7 Participant Statements

Each Participant shall receive from the Plan Administrator a statement at the end of each calendar quarter (or such other times as may be determined by CPR), which statement shall contain such information in respect of such Participant's Plan Accounts as CPR may determine from time to time or as otherwise may be required by law (including foreign law) to the extent applicable to the Participant in question.

Should a Participant request an up-to-date statement of account, such statement may be made available at such other time as may be agreed upon between CPR and the Plan Administrator.

10.8 Reports and Voting Rights

The Plan Administrator shall furnish or cause to be furnished to each Participant who has Shares allocated in any Plan Account a copy of all notices sent to shareholders in respect of shareholder meetings at which the Shares are entitled to be voted and shall request from each such Participant instructions as to the voting at such meeting of the aggregate number of the Participant's whole Shares allocated to the Participant's Account on the record date of such meeting. If the Participant furnishes such instructions to the Plan Administrator on a timely basis, the Plan Administrator shall vote such number of whole Shares in accordance with the instructions of the Participant. If the Participant fails to furnish timely instructions to the Plan Administrator, the Plan Administrator shall not vote the Participant's whole Shares. The Plan Administrator shall not vote any fractional Shares allocated to Participant's Plan Accounts and shall not vote any Shares not allocated to Participant Accounts as of the record date. The Plan Administrator shall keep confidential the voting instructions of the Participants and shall not disclose the same to CPR except to the extent required by law.

Section 11 — Plan Amendment and Termination

11.1 Plan Amendment

CPR reserves the right to amend the Plan, in whole or in part, at any time at its discretion without the consent of Participants, provided that no such amendment shall have the effect of reducing any benefits accrued to any Participant as of the date of amendment.

11.2 Plan Termination

CPR reserves the right to terminate the Plan at any time, in which event Participants' rights will be governed by Paragraph 9.6 as if the Participants' Retirements had all occurred on the date of the termination of the Plan. Any amount remaining in the Plan Reserve after the Participants have been allocated the amounts required pursuant to Paragraph 9.6 shall revert to CPR.

11.3 Plan Administrator Duties

No amendment, change, or modification shall be made to the Plan that will alter the duties of the Plan Administrator, without CPR's and the Plan Administrator's written consents.

11.4 The Plan Administrator

CPR, as agent for each Participant, may at any time remove the Plan Administrator and appoint a successor or successors to fill any vacancy arising for any reason whatever.

The Plan Administrator may, with CPR's written approval, delegate to any corporation authorized to carry on the business of a trust company in Canada, or the US, the duty to maintain records and to furnish statements in connection with all aspects of the Plan.

The Plan Administrator shall be indemnified and held harmless by CPR against and from any and all loss, cost, liability or expense resulting from any claim, action, suit or proceeding to which it may be a party or in which it may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by it in any settlement thereof (with CPR's written approval) or paid by it in satisfaction of a judgment in any such action, suit or proceeding against it. The Plan Administrator shall in writing give CPR a reasonable opportunity, at CPR's expense, to handle and defend such action within a time frame to be specified by the Plan Administrator, before the Plan Administrator undertakes to handle and defend such claim, action, suit or proceeding on its own behalf. CPR and the Participants shall be indemnified and held harmless by the Plan Administrator against and from any and all loss, cost, liability or expense resulting from the willful misconduct, negligence or bad faith of the Plan Administrator or of any person (other than CPR) to which the Plan Administrator has delegated any of its duties hereunder.

Section 12 — Market Fluctuation

CPR makes no representations or warranties to Participants with respect to the Plan or the Shares whatsoever. CPR shall not indemnify any Participant under the Plan against loss resulting from fluctuations in the price of Shares. Participants are expressly advised that all Participant Contributions and Company Contributions will be invested in Shares and the value of any Participant's Shares in the Plan will fluctuate as the trading price of the Shares fluctuates.

In seeking the benefits of participation in the Plan, a Participant solely accepts the risk of a decline in the market price of Shares in the Participant's Account.

Section 13 — Income Taxes

CPR and Participants acknowledge that sale of Shares by a Participant may result in income tax consequences including, without limitation, a taxable capital gain, or an allowable capital loss to the Participant under US tax law.

Participants shall be responsible to pay any and all income taxes resulting from participation in the Plan or the sale of Shares, including without limitation:

a) taxes from a capital gain;
b) taxes from the payment and receipt of dividends;
c) taxes from Company Contributions or the payment by CPR of brokerage or other fees where deemed under applicable law to be a taxable benefit to the Participant.

CPR shall have the right to withhold from any payment, including any payment of Eligible Earnings or other earnings, sufficient amounts to cover required withholding and income or employment taxes with respect to the Plan. If a Participant, including an Eligible Bargaining Unit Representative, does not have sufficient earnings available from which CPR can make any required withholdings, CPR may condition the allocation of Unvested Shares to the Account of the Participant on the receipt of the amount required for CPR to meet its withholding obligations, or may instruct the Plan Administrator to reduce the amount otherwise allocated to the Participant (or sell Shares allocated to the Participant on behalf of the Participant) and remit to CPR the amount required to meet CPR's withholding obligation (and any balance to the Participant). The provisions of Paragraphs 8.1 and 8.3 shall govern any sale of Shares pursuant to this Section.

Participants are expressly advised that US and Canadian tax laws are complex and subject to change and each Participant is solely responsible to contact his or her own accountant, legal representative or qualified financial advisor to determine what current effect any applicable tax legislation may have with respect to his or her participation in the Plan or the sale of Shares and to determine any tax consequences. The Plan Administrator will provide all Participants with all appropriate tax forms and receipts.

Section 14 — No Trading on Undisclosed Information

No Participant shall in any manner participate in the trading of Shares based upon insider or undisclosed material corporate information as prohibited by law. Any trading based on undisclosed material information by Participants may be subject to prosecution and may result in discipline by CPR up to and including termination of a Participant's employment with CPR. Participants should consult the Insider Trading Policy of CPR available from CPR.

Section 15 — General Provisions

15.1 No Additional Rights to Employment

(a) The opportunity to participate in this Plan does not constitute a contract of employment, nor does the existence of a contract of employment between any

person and CPR give such person any right or entitlement to participate in the Plan or any expectation that an opportunity to participate in the Plan will be offered to the person subject to any conditions or at all.

(b) The rights and obligations of a Participant under the terms of any contract of employment with CPR shall not be affected by participation in this Plan.

(c) The opportunity to acquire Shares pursuant to the Plan shall not afford a Participant or any Eligible Employee any rights or additional rights to compensation or damages in consequence of the loss or termination of the Participant's office or employment with CPR for any reason whatsoever.

(d) A Participant shall not be entitled to any compensation for damages for any loss or potential loss which they may suffer by reason of being or becoming unable to acquire Shares under the Plan in consequence of the loss or termination of his or her office or employment with CPR for any reason (including, without limitation, any breach of contract by CPR) or in any other circumstances whatsoever.

15.2 Employee Eligibility

CPR reserves the right to restrict participation in the Plan to any employee or employee groups at any time in its sole discretion, including, but not limited to, the right to refuse to offer employees or employee groups the opportunity to participate in the Plan in any jurisdiction where operating the Plan in such jurisdiction or in respect of such employees is or becomes onerous (including, without limitation, having regard to the costs involved), impossible, illegal or impracticable, as determined by CPR in its sole discretion.

15.3 Liability

No Participant shall make any claim or demand against CPR or the Plan Administrator and Participants agree and acknowledge that CPR and the Plan Administrator shall not be liable with respect to:

(a) the performance of Shares on the Stock Exchange at or during any period of time;

(b) changes in the local currency value of Shares held by a Participant, where applicable, resulting from fluctuations in the exchange rates between the US dollar and any other currency;

(c) income taxes payable in respect of the Plan, except to the extent that:

(i) CPR withholds any such amounts either from a Participant's Eligible Earnings, other earnings, or payments under the Plan; or
(ii) CPR (but not the employee) is liable for such payment under applicable law.

15.4 Participant’s Agreement to be bound by Plan Terms

Participation in the Plan by any Participant shall be construed as acceptance by the Participant of the terms and conditions of the Plan and all rules and procedures adopted

hereunder and as amended from time to time, and as the Participant's agreement to be bound thereby.

15.5 Indemnification

By electing to participate in the Plan a Participant agrees to indemnify:

(a) CPR; and
(b) the Plan Administrator; and
(c) any other person who is or becomes liable to account for tax, social security contributions or any other regulatory or statutory contributions on behalf of the Participant against any amount of or representing tax, or any other regulatory or statutory contributions for which CPR (or such other person) is liable to account in respect of or in consequence of the facilitation of Participant Contributions, for the benefit of such Participant and which (as between the Participant and CPR or such other person) is the liability of the Participant but which CPR or such other person cannot otherwise lawfully recover from the Participant (whether by way of deduction from payroll or otherwise).

15.6 Assignment Exemption from Seizure and Bankruptcy

Except as may otherwise be specifically provided by applicable law, no right of a person under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge and any attempt by anyone to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void, and any Shares or money to which any person is entitled under the Plan are exempt from execution, seizure and attachment. Any Shares withdrawn from any Plan Account may only be transferred (including any transfer pursuant to Paragraph 8.2) in accordance with applicable securities laws.

If, notwithstanding the foregoing, a Participant is deprived by applicable law of interests in Shares or ceases to retain beneficial interest in the Shares, then all rights under the Plan will cease forthwith and no further Shares will be allocated under the Plan to that Participant.

15.7 Share Certificates

Share certificates, if issued pursuant to any provision of the Plan, shall bear any legend that is necessary or is deemed advisable in order to comply with applicable securities laws, including any legends referring to restrictions on transfer in any jurisdiction.

15.8 Mental or Legal Incapacity of the Participant

If any payment is to be made under the Plan to a minor or other person who is mentally or legally incompetent, the Plan Administrator shall pay the same to the parent or guardian or other person having legal custody of, or being the legally appointed representative of, such person, to be applied by such parent, guardian, person having custody or legally appointed representative for the benefit of such person, without

the Plan Administrator being further liable to see to the application thereof and so that any such payment shall be a complete discharge of any liability under the Plan and of CPR.

15.9 Governing Law and Compliance with Laws

The Plan shall be governed by and construed in accordance with the laws of the state of Minnesota, US without regard to conflict of law principles, except that with respect to the issuance of securities, the laws of the jurisdiction of CPR shall govern. Notwithstanding any provision of this Plan, CPR shall operate the Plan in compliance with all applicable laws and regulations of all jurisdictions where CPR has, in accordance with the terms of this Plan, decided to offer the Plan.

15.10 Discretionary Relief

Notwithstanding any other provision of the Plan, CPR may, at its discretion, waive any condition of the Plan if specific individual circumstances warrant such waiver.

AMENDMENT
TO
CANADIAN PACIFIC RAILWAY LIMITED
EMPLOYEE SHARE PURCHASE PLAN (US)

Amendment to Plan terms and conditions effective as of January 1, 2015

WHEREAS, Canadian Pacific Railway Limited (the "Company") and certain of its majority controlled subsidiaries have adopted the Canadian Pacific Railway Limited Employee Share Purchase Plan (US) (the "ESPP" or "Plan");

AND WHEREAS, effective April 3, 2009 the ESPP was amended to suspend the Company's match;

NOW, THEREFORE, the ESPP was amended effective January 1, 2015 as follows:

1. Section 5. *Company Contributions*. Effective for Participant Contributions made January 1, 2015 and thereafter by a CPR employee in the U.S. who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, in each case provided such person is a member of the Transportation Division of SMART bargaining unit, the Company Contribution shall be restored in accordance with Section 5.1 Company Contributions as in effect prior to the April 2009 amendment to the Plan. For purposes of Section 5.1, a "Participant" shall continue to not include any other Eligible Bargaining Unit Representative or regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit.

2. Section 8. *Withdrawal/Sale of Shares*. Effective January 1, 2015 and thereafter, for a CPR employee in U.S. who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, the holding period in Section 8.4 for Unvested Shares purchased after such date shall be eight (8) consecutive full calendar quarters instead of four (4).

3. Section 9.7. *Company Contributions upon Certain Terminations*. The suspension of this Section is hereby lifted with respect to Participants eligible for the restoration of Company Contributions under paragraph 1 of this Amendment.

In all further respects the Plan will remain in full force and effect.

CANADIAN PACIFIC RAILWAY LIMITED

By: /s/ Peter Edwards
Peter Edwards
Vice President, Human
Resources and Industrial Relations

AMENDMENT
TO
CANADIAN PACIFIC RAILWAY LIMITED
EMPLOYEE SHARE PURCHASE PLAN (US)

Amendment to Plan terms and conditions effective as of January 1, 2016

WHEREAS, Canadian Pacific Railway Limited (the "Company") and certain of its majority controlled subsidiaries have adopted the Canadian Pacific Railway Limited Employee Share Purchase Plan (US) (the "ESPP" or "Plan");

AND WHEREAS, effective April 3, 2009 the ESPP was amended to suspend the Company's match;

AND WHEREAS, the ESPP was amended effective January 1, 2015 as follows:

4. Section 5. *Company Contributions*. Effective for Participant Contributions made January 1, 2015 and thereafter by a CPR employee in the U.S. who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, in each case provided such person is a member of the Transportation Division of SMART bargaining unit, the Company Contribution shall be restored in accordance with Section 5.1 Company Contributions as in effect prior to the April 2009 amendment to the Plan. For purposes of Section 5.1, a "Participant" shall continue to not include any other Eligible Bargaining Unit Representative or regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit.

5. Section 8. *Withdrawal/Sale of Shares*. Effective January 1, 2015 and thereafter, for a CPR employee in U.S. who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, the holding period in Section 8.4 for Unvested Shares purchased after such date shall be eight (8) consecutive full calendar quarters instead of four (4).

6. Section 9.7. *Company Contributions upon Certain Terminations*. The suspension of this Section is hereby lifted with respect to Participants eligible for the restoration of Company Contributions under paragraph 1 of this Amendment.

NOW, THEREFORE, the ESPP was amended effective January 1, 2016 as follows:

1. Section 5. *Company Contributions*. Effective for Participant Contributions made January 1, 2015 and thereafter by a CPR employee in the U.S. who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, in each case provided such

person is a member of the Transportation Division of SMART and the Brotherhood of Locomotive Engineers and Trainmen bargaining units, the Company Contribution shall be restored in accordance with Section 5.1 Company Contributions as in effect prior to the April 2009 amendment to the Plan. For purposes of Section 5.1, a "Participant" shall continue to not include any other Eligible Bargaining Unit Representative or regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit.

2. Section 8. *Withdrawal/Sale of Shares*. Effective January 1, 2015 and thereafter, for a CPR employee in U.S. who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, the holding period in Section 8.4 for Unvested Shares purchased after such date shall be eight (8) consecutive full calendar quarters instead of four (4).

3. Section 9.7. *Company Contributions upon Certain Terminations*. The suspension of this Section is hereby lifted with respect to Participants eligible for the restoration of Company Contributions under paragraph 1 of this Amendment.

In all further respects the Plan will remain in full force and effect.

CANADIAN PACIFIC RAILWAY LIMITED

By: /s/ Peter Edwards_____
Peter Edwards
Vice President, Human
Resources and Industrial Relations

UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE OCTOBER 27, 2012.

STAND-ALONE OPTION AGREEMENT

THIS AGREEMENT is made as of the 26th day of June, 2012

BETWEEN:

CANADIAN PACIFIC RAILWAY LIMITED (the "**Corporation**")

- and -

E. HUNTER HARRISON (the "**Optionholder**")

WHEREAS, the Options (as defined below) were granted by the Corporation to the Optionholder on June 26, 2012, conditional upon the Optionholder entering into an employment agreement and commencing employment with the Corporation;

AND WHEREAS, the Corporation and the Optionholder entered into an executive employment agreement effective as of June 28, 2012 (the "**Employment Agreement**") to define the terms of the Optionholder's employment as President and CEO of the Corporation;

AND WHEREAS, the Corporation and the Optionholder wish to enter into this Option Agreement to evidence and govern the terms of the Options granted to the Optionholder by the Corporation.

NOW THEREFORE, in consideration of the covenants and agreements set forth herein and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the Corporation and the Optionholder) the Corporation and the Optionholder agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

For the purposes of this Option Agreement, the following terms will have the following meanings:

(a) "**Blackout Period**" means a period during which the Corporation self imposes a prohibition on directors and certain employees trading in the Corporation's securities, including, without limitation, trading and/or exercising the Options;

(b) "**Board**" means the board of directors of the Corporation;

(c) "**Cause**" means:

(i) the continued failure by the Optionholder to substantially perform his duties in connection with his employment by, or service to, the Corporation or any Subsidiary (other than as a result of physical or mental illness) after the Corporation or any Subsidiary has given the Optionholder reasonable written notice of such failure and a reasonable opportunity to correct it;

(ii) the engaging by the Optionholder in any act which is injurious to the Corporation or its reputation, financially or otherwise;

(iii) the engaging by the Optionholder in any act resulting or intended to result, directly or indirectly, in personal gain to the Optionholder at the expense of the Corporation;

(iv) the conviction of the Optionholder by a court of competent jurisdiction on any charge involving fraud, theft or moral turpitude by the Optionholder in connection with the business of the Corporation; or

(v) any other conduct that constitutes cause at common law;

(d) "**Change of Control**" means:

(i) the initial acquisition by any person, or any persons acting jointly or in concert (as determined by the Securities Act (Alberta)), whether directly or indirectly, of voting securities of the Corporation which, together with all other voting securities of the Corporation held by such persons, constitutes, in the aggregate, more than 20% of all outstanding voting securities of the Corporation;

(ii) an amalgamation, arrangement or other form of business combination of the Corporation with another corporation which results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination;

(iii) a sale, disposition, lease or exchange to or with another person or persons (other than a Subsidiary) of property of the Corporation representing 50% or more of the net book value of the assets of the Corporation, determined as of the date of the most recently published audited annual or unaudited quarterly interim financial statements of the Corporation; or

(iv) a change in the composition of the Board over any twelve month period beginning no earlier than twelve months from the date of this Option

Agreement such that more than 50% of the persons who were directors of the Corporation at the beginning of the period are no longer directors at the end of the period, unless such change is a consequence of normal attrition;

(e) "**Common Shares**" means common shares of the Corporation;

(f) "**Compensation Committee**" means a compensation committee of the Board consisting of not less than three directors;

(g) "**Corporation**" means Canadian Pacific Railway Limited, and any successor corporation thereto;

(h) "**Date of Termination**" means the actual date of termination of employment of the Optionholder, and excludes any period during which the Optionholder is in receipt of or is eligible to receive any statutory, contractual or common law notice or compensation in lieu thereof or severance or damage payments following the actual date of termination;

(i) "**Employment Agreement**" has the meaning ascribed thereto in the recitals.

(j) "**Exercise Price**" has the meaning ascribed thereto in Section 2.1;

(k) "**Expiry Date**" has the meaning ascribed thereto in Section 2.1;

(l) "**Family Trust**" means a trust, of which at least one of the trustees is the Optionholder and the beneficiaries of which are one or more of the Optionholder and the spouse, minor children and minor grandchildren of the Optionholder;

(m) "**Grant Date**" means June 26, 2012;

(n) "**Notice of Exercise**" means a notice, (i) substantially in the form of the notice set out in Schedule A to this Option Agreement or (ii) such other form of notice as may be established by the Corporation, including by electronic means through a service provider selected by the Corporation from time to time, from the Optionholder to the Corporation giving notice of the exercise or partial exercise of the Options granted to the Optionholder pursuant to this Option Agreement;

(o) "**Options**" means the options to purchase Common Shares granted to the Optionholder pursuant to the terms of this Option Agreement;

(p) "**Option Agreement**" means this agreement, as amended from time to time;

(q) "**Optioned Shares**" has the meaning ascribed thereto in Section 2.1;

(r) "**Optionholder**" means E. Hunter Harrison;

(s) "**Personal Holding Corporation**" means a corporation that is controlled by the Optionholder and the shares of which are beneficially owned by the Optionholder and/or the spouse, minor children or minor grandchildren of the Optionholder;

(t) "**person**" has the meaning ascribed to such term in the Securities Act (Alberta);

(u) "**Retirement Trust**" means a trust governed by a registered retirement savings plan or a registered retirement income fund established by and for the benefit of the Optionholder;

(v) "**Stock Option Plan**" means the Corporation's Amended and Restated Management Stock Option Incentive Plan dated February 28, 2012, as may be amended and/or restated from time to time; and

(w) "**Subsidiary**" means any corporation that is a subsidiary of the Corporation as defined in the Securities Act (Alberta).

1.2 Interpretation

1.2.1 Time shall be the essence of this Option Agreement.

1.2.2 Words denoting the singular number include the plural and vice versa and words denoting any gender include all genders.

1.2.3 A Section, unless the context otherwise indicates, is a reference to a Section of this Option Agreement.

1.2.4 This Option Agreement and all matters to which reference is made herein will be governed by and interpreted in accordance with the laws of Alberta and the federal laws of Canada applicable therein.

ARTICLE 2
OPTION GRANT

2.1 Option Grant

2.1.1 On the Grant Date, the Optionholder was, conditional upon the Optionholder entering into an employment agreement and commencing employment with the Corporation, granted options (the "**Options**") to purchase 650,000 Common Shares (the "**Optioned Shares**") at a price (the "**Exercise Price**") of CAD$73.39 per Common Share and on the terms and subject to the conditions set out in this Option Agreement.

2.1.2 Subject to Sections 3.2 and 3.3, the Options will expire at 5:00 p.m. (Calgary time) on June 26, 2022 (the "**Expiry Date**").

2.2 Vesting

2.2.1 The Options will vest as follows:

(a) 25% on the first anniversary of the Grant Date; and

(b) 25% on the second anniversary of the Grant Date; and

(c) 25% on the third anniversary of the Grant Date; and

(d) the remaining 25% on the fourth anniversary of the Grant Date.

2.3 Further Grants

Unless otherwise approved by the Board, the Optionholder shall not be eligible to be considered for any further grants of options, whether pursuant to the Stock Option Plan or otherwise.

ARTICLE 3
PARTICULARS OF GRANT

3.1 Time of Exercise

3.1.1 Subject to Sections 3.3.1(a) and 3.7, (i) the Options may not be exercised by the Optionholder in whole or in part until the first anniversary of the Date of Termination; and (ii) after the first anniversary of the Date of Termination, the Options may be exercised from time to time in whole or in part until the Expiry Date.

3.1.2 Notwithstanding Section 3.1.1, the Board may determine after the Grant Date that the Options will be exercisable in whole or in part on earlier dates for any reason.

3.2 Blackout Period Extension of Expiry Date

If the Expiry Date of the Options falls within a Blackout Period, the Expiry Date of the Options shall be extended to the date ten business days after the date on which Blackout Period ends, provided that if within ten business days of the end of a Blackout Period an additional Blackout Period commences the Expiry Date of the Options shall be further extended at the end of the additional Blackout Period so that the number of days during which the Optionholder is able to exercise the Options is extended for a total of ten business days.

3.3 Early Expiry

3.3.1 The Options will continue in effect until their Expiry Date or expire before their Expiry Date, as the case may be, in the following events and manner:

(a) if the Optionholder resigns from his employment (other than in the circumstances described in Section 3.3.1(c)), then the unexercised Options that had vested as at the Date of Termination may be exercised by the Optionholder and any such exercise must be, notwithstanding Section 3.1, during the period starting on the Date of Termination and ending on the earlier of:

(i) 30 days after the Date of Termination; and

(ii) the Expiry Date,

after which period the Options will expire;

(b) subject to Section 3.7, if the Optionholder's employment is terminated by the Corporation without Cause, including a constructive dismissal, then the unexercised Options that had vested as at the Date of Termination may be exercised by the Optionholder and any such exercise must be during the period ending on the earlier of:

(i) the date that is five years from the Date of Termination; and

(ii) the Expiry Date,

after which period the Options will expire;

(c) if the Optionholder's employment is terminated by the Corporation for Cause, including where the Optionholder resigns from his or her employment after being requested to do so by the Corporation as an alternative to being terminated for Cause, then all Options will immediately expire on the Date of Termination;

(d) if the Optionholder's employment ceases due to permanent disability, then the unexercised Options that had vested as at the Date of Termination may be exercised by the Optionholder and any such exercise must be during the period ending on the earlier of:

(i) the date that is five years from the Date of Termination; and

(ii) the Expiry Date,

after which period the Options will expire;

(e) if the Optionholder dies, then the unexercised Options that had vested as at the Date of Termination may be exercised. Any exercise of the Options must be effected by a legal representative of the Optionholder's estate or by a person who acquires the Optionholder's rights under the Options by bequest or inheritance, and any such exercise must be during the period ending on the earlier of:

(i) the date that is 5 years from the Date of Termination; and

(ii) the Expiry Date,

after which period the Options will expire; and

(f) subject to Section 3.7, the unexercised Options that had not yet vested as at the Date of Termination will be forfeited and expire on the Date of Termination if the Optionholder's employment ceases prior to the end of the term of the Employment Agreement.

3.4 Limited Assignment

3.4.1 The Options may not be assigned, except to:

(a) the Optionholder's Family Trust, Personal Holding Corporation or Retirement Trust (if permitted by applicable securities laws) (or between such entities or from either of such entities to the Optionholder); or

(b) a legal representative of the Optionholder's estate or a person who acquires the Optionholder's rights under the Options by bequest or inheritance on death of the Optionholder;

in which case the assignee will thereafter be the Optionholder for the purposes of this Option Agreement, except in determining early expiry under Section 3.3.

3.4.2 If a Personal Holding Corporation to which the Options have been granted or assigned is no longer controlled by the Optionholder, or the shares of the Personal Holding Corporation are no longer beneficially owned by the Optionholder and persons who were the spouse, minor children or minor grandchildren of the Optionholder at the time of the grant or assignment, then the Options cannot be exercised until they are assigned by the Personal Holding Corporation to the Optionholder or another assignee permitted by Section 3.4.1.

3.5 No Rights as Shareholder or to Remain an officer or employee

3.5.1 The Optionholder will only have rights as a shareholder of the Corporation with respect to those of the Optioned Shares that the Optionholder has acquired through exercise of the Options in accordance with their terms.

3.5.2 Nothing in this Option Agreement will confer on the Optionholder any right to remain as an officer or employee of the Corporation or any Subsidiary.

3.6 Adjustments

3.6.1 Adjustments will be made to (i) the Exercise Price of the Options, and/or (ii) the number of Common Shares delivered to the Optionholder upon exercise of the Options in the following events and manner, subject to any required regulatory approvals and the right of the Board to make such other or additional adjustments, or to make no adjustments at all, as the Board considers to be appropriate in the circumstances:

(a) upon (i) a subdivision of the Common Shares into a greater number of Common Shares, (ii) a consolidation of the Common Shares into a lesser number of Common Shares or (iii) the issue of a stock dividend to holders of the Common Shares (excluding a stock dividend paid in lieu of a cash dividend in the ordinary course), the Exercise Price will be adjusted accordingly and the Corporation will deliver upon exercise of the Options, in addition to or in lieu of the number of Optioned Shares in respect of which the right to purchase is being exercised, such greater or lesser number of Common Shares as result from the subdivision, consolidation or stock dividend;

(b) upon (i) a capital reorganization, reclassification or change of the Common Shares, (ii) a consolidation, amalgamation, arrangement or other form of business combination of the Corporation with another person or corporation or (iii) a sale, lease or exchange of all or substantially all of the property of the Corporation, the Exercise Price will be adjusted accordingly and the Corporation will deliver upon exercise of the Options, in lieu of the Optioned Shares in respect of which the right to purchase is being exercised, the kind and amount of shares or other securities or property as results from such event;

(c) upon the distribution by the Corporation to holders of the Common Shares of (i) shares of any class (whether of the Corporation or another corporation) other than Common Shares, (ii) rights, options or warrants, (iii) evidences of indebtedness or (iv) cash (excluding a cash dividend paid in the ordinary course), securities or other property or assets, the Exercise Price will be adjusted accordingly but no adjustment will be made to the number of Optioned Shares to be delivered upon exercise of the Options;

(d) adjustments to the Exercise Price of the Options will be rounded up to the nearest one cent and adjustments to the number of Common Shares delivered to the Optionholder upon exercise of the Options will be rounded down to the nearest whole Common Share; and

(e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this Section are cumulative.

3.7 Change of Control

3.7.1 If after the occurrence of a Change of Control, the Optionholder's employment is terminated by the Corporation without Cause, including a constructive dismissal, the Optionholder may exercise all of the Options (including, for greater certainty, the Options that had vested as at the Date of Termination and the Options that had not yet vested as at the Date of Termination), notwithstanding Section 3.1, during the period ending on the Expiry Date, after which the Options will expire.

3.7.2 If a "take-over bid" (within the meaning of applicable securities legislation) made by any person for the voting securities of the Corporation would, if successful, result in a Change of Control, then:

(a) the Corporation will promptly notify the Optionholder of the take-over bid and the rights of the Optionholder under this Section;

(b) the Optionholder may exercise the Options (including, for greater certainty, the Options that had vested as at the Date of Termination and the Options that had not yet vested as at the Date of Termination), during the period ending on the earlier of the expiration of the take-over bid and the Expiry Date;

(c) the exercise of the Options (including, for greater certainty, the Options that had vested as at the Date of Termination and the Options that had not yet vested as at

the Date of Termination) shall only be for the purpose of depositing the Optioned Shares pursuant to the take-over bid; and

(d) if the Optioned Shares are not deposited by the Optionholder pursuant to the take-over bid or, if deposited, are subsequently withdrawn by the Optionholder or not all taken up and paid for by the offeror, then the Optionholder shall promptly return the Optioned Shares (or the portion that are not taken up and paid for) to the Corporation for cancellation, the Options respecting such Optioned Shares shall be deemed not to have been exercised, the Optioned Shares shall be deemed not to have been issued and the Corporation shall refund to the Optionholder the aggregate Exercise Price for the Optioned Shares.

3.8 Accredited Investor

The Optionholder represents that he is an "accredited investor" (as such term is defined in National Instrument 45-106 – *Prospectus and Registration Exemptions*).

ARTICLE 4
EXERCISE OF OPTIONS

4.1 Manner of Exercise

4.1.1 The Optionholder who wishes to exercise the Options may do so by delivering the following to the Corporation on or before the Expiry Date of the Options:

(a) a completed Notice of Exercise; and

(b) subject to Section 4.3, a cheque (which need not be a certified cheque) or bank draft payable to the Corporation for the aggregate Exercise Price of the Optioned Shares being acquired.

4.1.2 If the Optionholder is deceased or mentally disabled, the Options may be exercised by a legal representative of the Optionholder or the Optionholder's estate or by a person who acquires the Optionholder's rights under the Options by bequest or inheritance and who, in addition to delivering to the Corporation the Notice of Exercise and (if applicable) cheque or bank draft described above, must also deliver to the Corporation evidence of their status.

4.2 Delivery of Share Certificate

Not later than five business days after receipt by the Corporation, pursuant to Section 4.1, of the Notice of Exercise and payment in full for the Optioned Shares being acquired, the Corporation will direct its registrar and transfer agent to issue a certificate in the name of the Optionholder or an intermediary on behalf of the Optionholder (or, if deceased, his or her legal representative or beneficiary) for the number of Optioned Shares purchased by the Optionholder (or his or her legal representative or beneficiary), which will be issued as fully paid and non-assessable Common Shares.

4.3 Cashless Exercise

4.3.1 The Optionholder may elect "cashless" exercise in a Notice of Exercise if the Optioned Shares are to be immediately sold. In such case, the Optionholder will not be required to deliver to the Corporation a cheque or bank draft in respect of the aggregate Exercise Price. Instead, the following procedure will be followed, as detailed in a Cashless Exercise Instruction Form to be provided by the Corporation and completed by the Optionholder (or such other form of cashless exercise instruction as may be established by the Corporation, including by electronic means through a service provider selected by the Corporation from time to time):

(a) the Optionholder will instruct a broker selected by the Optionholder to sell through the Toronto Stock Exchange the Common Shares issuable on exercise of the Options, as soon as possible and at the then applicable bid price for the Common Shares;

(b) on the settlement date for the trade, the Corporation will direct its registrar and transfer agent to issue a certificate in the name of the broker (or as the broker may otherwise direct) for the number of Common Shares issued on exercise of the Options, against payment by the broker to the Corporation of the Exercise Price for such Common Shares; and

(c) the broker will deliver to the Optionholder the remaining proceeds of sale, net of brokerage commission.

4.4 Withholding

If the Corporation determines that the satisfaction of taxes, including withholding tax, or other withholding liabilities is necessary or desirable in respect of the exercise of the Option, the exercise of the Options is not effective unless such taxes have been paid or withholdings made to the satisfaction of the Corporation. The Corporation may require the Optionholder to pay to the Corporation, in addition to the Exercise Price for the Optioned Shares, any amount as the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the Options. Any such additional payment is due no later than the date on which any amount with respect to the Options exercised is required to be included in the gross income of the Optionholder for tax purposes. For clarity, section 2(k) of the Employment Agreement (Tax Equalization) applies to any payments made in accordance with this section.

ARTICLE 5
MISCELLANEOUS

5.1 Notice

All notices required or allowed to be given under this Option Agreement shall be made either personally or by mailing the same by prepaid registered post to:

The Optionholder:

2708 Sheltingham Drive
Wellington, Florida
33414

The Corporation:

Canadian Pacific Railway Limited
Suite 500, Gulf Canada Square
401 – 9th Avenue S.W.
Calgary, Alberta T2P 4Z4

Attention: Corporate Secretary

Notices delivered personally shall be deemed to be received on the day of delivery, Saturdays, Sundays and statutory holidays excepted; notices given by mail shall be deemed to have been received by the addressee on the tenth business day following the date of mailing. Either party may change its address for notice hereunder in the above manner.

5.2 Counterparts

This Option Agreement may be executed in any number of counterparts, each of which will constitute an original, and all of which together will constitute one and the same instrument.

The parties hereto shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the parties.

5.3 Administration

5.3.1 Subject to the limitations of this Option Agreement, the Corporation has the authority to interpret this Option Agreement and determine all questions arising out of this Option Agreement and the Options granted pursuant hereto, which interpretations and determinations will be conclusive and binding on the Optionholder and all other affected persons.

5.4 Amendment of Options and Agreement

5.4.1 Subject to obtaining any required regulatory approval regarding consent by applicable regulatory bodies, including the Toronto Stock Exchange, the Board shall have the power and authority to approve amendments relating to the Options, including, without limitation, to the extent that such amendment is an amendment to the terms of the outstanding Options (including, without limitation, to cancel the Options or amend the date or dates on which the Options or a portion thereof vests or becomes exercisable), provided that:

(a) the Board would have had the authority to initially grant the Options under terms as so amended; and

(b) the consent of the Optionholder is obtained if the amendment would prejudice the rights of the Optionholder under the Options.

5.5 Acknowledgement

By executing this Option Agreement, the Optionholder acknowledges that he has read and understands the terms of this Agreement and accepts the Options in accordance with the terms of this Option Agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the Corporation and the Optionholder have entered into this Option Agreement as of ___June 26_____, 2012.

CANADIAN PACIFIC RAILWAY LIMITED

By: /s/ Paul Haggis
Name: Paul Haggis
Title: Chair, Board of Directors

By: /s/ Stephen Tobias
Name: Stephen Tobias
Title: Director

By: /s/ Krystyna Hoeg
Name: Krystyna Hoeg
Title: Director

/s/ Mark Wallace
Witness Name: Mark Wallace

/s/ E.H. Harrison
Hunter Harrison

SCHEDULE A – FORM OF NOTICE OF EXERCISE

Canadian Pacific Railway Limited

NOTICE OF EXERCISE

TO: Canadian Pacific Railway Limited
Suite 500, Gulf Canada Square
401 – 9th Avenue S.W.
Calgary, Alberta T2P 4Z4

Attention: Corporate Secretary

Reference is made to the stand-alone option agreement (the "**Option Agreement**") made as of June 26, 2012, between Canadian Pacific Railway Limited (the "**Corporation**") and E. Hunter Harrison (the "**Optionholder**"). Capitalized terms used herein and not defined shall have the meanings ascribed to such term in the Option Agreement. The Optionholder hereby exercises the Options to purchase Common Shares of the Corporation as follows:

Number of Optioned Shares for which Options are being exercised: _____

Exercise Price per Common Share: $ _____

Total Exercise Price: $ _____

Check here for exercise of the Options if a cheque (which need not be a certified cheque) or bank draft is tendered with this Notice of Exercise: ☐

Check here for cashless exercise of the Options (in which case the shares will be sold and no cheque or bank draft needs to be tendered with this Notice of Exercise):[1] ☐

Name of Optionholder as it is to appear on share certificate (except for cashless exercise): _____

Address of Optionholder as it is to appear on the register of Common Shares and to which a certificate representing the Common Shares being purchased is to be delivered or, in the case of cashless exercise, to which a cheque is to be delivered: _____

_____

_____

Dated _____, 20____.

_____
Name of Optionholder

_____
Signature of Optionholder

[1] An optionholder electing cashless exercise will be required to submit a completed Cashless Exercise Instruction Form (or such other form of cashless exercise instruction as may be established by the Corporation, including by electronic means through a service provider selected by the Corporation from time to time) at the same time as this Notice of Exercise. The Form may be obtained from the Corporation's human resources department.

Exhibit 10.7

CANADIAN PACIFIC RAILWAY LIMITED

DIRECTORS' STOCK OPTION PLAN

Effective October 1, 2001

ARTICLE 1 -
PURPOSE OF THE PLAN

1.1 Purpose

The purpose of the Canadian Pacific Railway Limited Directors' Stock Option Plan is to:

(a) promote a proprietary interest in the Corporation among its Non-Employee Directors;

(b) align the interests of the Non-Employee Directors more closely to those of other shareholders; and

(c) assist the Corporation in retaining and attracting individuals with the experience and ability to act as directors of the Corporation.

ARTICLE 2 -
DEFINITIONS AND INTERPRETATION

2.1 Definitions

For the purposes of this Plan, the following terms will have the following meanings:

(a) "Board" means the board of directors of the Corporation;

(b) "Committee" means the Corporate Governance and Nominating Committee of the Board;

(c) "Common Shares" means common shares of the Corporation;

(d) "Corporation" means Canadian Pacific Railway Limited, and any successor corporation thereto;

(e) "Exercise Price" means the price per Common Share at which Common Shares may be subscribed for by an Optionholder pursuant to a particular Option Agreement;

(f) "Expiry Date" means the date on which an Option expires pursuant to the Option Agreement relating to that Option;

(g) "Family Trust" means a trust, of which at least one of the trustees is a Non-Employee Director and the beneficiaries of which are one or more of the Non-Employee Director and the spouse, minor children and minor grandchildren of the Non-Employee Director;

(h) "Grant Date" means the date on which an Option is granted;

(i) "Insider" means:

  (i) an insider as defined in the *Securities Act* (Alberta), other than a person who falls within that definition solely by virtue of being a director or senior officer of a Subsidiary; and

  (ii) an associate, as defined in the *Securities Act* (Alberta), of any person who is an insider by virtue of (i) above;

(j) "Non-Employee Director" means a person who, as of any applicable date, is a member of the Board and is not an officer or employee of the Corporation or any of its Subsidiaries, and also includes a Family Trust, Personal Holding Corporation and Retirement Trust;

(k) "Notice of Exercise" means a notice, substantially in the form of the notice set out in Schedule B to this Plan, from an Optionholder to the Corporation giving notice of the exercise or partial exercise of an Option previously granted to the Optionholder;

(l) "Option" means an option to purchase Common Shares granted to a Non-Employee Director pursuant to the terms of the Plan;

(m) "Option Agreement" means an agreement, substantially in the form of the agreement set out in Schedule A to this Plan, between the Corporation and a Non-Employee Director setting out the terms of an Option granted to the Non-Employee Director;

(n) "Optioned Shares" means the Common Shares that may be subscribed for by an Optionholder pursuant to a particular Option Agreement;

(o) "Optionholder" means a Non-Employee Director to whom an Option has been granted;

(p) "person" has the meaning ascribed to such term in the *Securities Act* (Alberta);

(q) "Personal Holding Corporation" means a corporation that is controlled by a Non-Employee Director and the shares of which are beneficially owned by the Non-Employee Director and the spouse, minor children or minor grandchildren of the Non-Employee Director;

(r) "Plan" means this Directors' Stock Option Plan of the Corporation, as amended from time to time;

(s) "Retirement Trust" means a trust governed by a registered retirement savings plan or a registered retirement income fund established by and for the benefit of a Non-Employee Director;

(t) "Share Compensation Arrangement" means any stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to one or more employees or insiders of the Corporation or any Subsidiary or to any other person or corporation engaged to provide ongoing management or consulting services for the Corporation or any Subsidiary, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise; and

(u) "Subsidiary" means any corporation that is a subsidiary of the Corporation as defined in the *Securities Act* (Alberta).

2.2 Interpretation

(a) Time shall be the essence of this Plan.

(b) Words denoting the singular number include the plural and vice versa and words denoting any gender include all genders.

(c) This Plan and all matters to which reference is made herein will be governed by and interpreted in accordance with the laws of Alberta and the federal laws of Canada applicable therein.

ARTICLE 3 -
GENERAL PROVISIONS OF THE PLAN

3.1 Administration

(a) The Plan will be administered by the Committee.

(b) Subject to the limitations of the Plan, the Committee has the authority to:

(i) prescribe the form of Option Agreement and Notice of Exercise with respect to a particular Option, if other than substantially as set forth in Schedules A and B to this Plan; and

(ii) interpret the Plan and determine all questions arising out of the Plan and any Option granted pursuant to the Plan, which interpretations and determinations will be conclusive and binding on the Corporation, Non-Employee Directors, Optionholders and all other affected persons.

(c) Notwithstanding the foregoing, the selection of the Non-Employee Directors to whom Options are to be granted, the Grant Dates (except as provided in section 4.1(a)(i)), the number of Options to be granted, the Exercise Price of an Option, the time during which an Option may be exercised and the Expiry Date of an Option shall be as provided in the Plan, and the Committee shall have no discretion as to such matters.

3.2 Shares Reserved

(a) The maximum number of Common Shares that may be reserved for issuance pursuant to Options granted under the Plan is 500,000. The maximum number of Common Shares will be reduced as Options are exercised and the Common Shares so reserved are issued.

(b) The maximum number of Common Shares that may be reserved for issuance to any one Non-Employee Director pursuant to Options granted under the Plan is 5% of the number of Common Shares outstanding at the time of reservation.

(c) Any Common Shares subject to an Option that expires or terminates without having been fully exercised may be made the subject of a further Option. No fractional Common Shares may be issued under the Plan.

3.3 Eligibility

Options will be granted under the Plan only to Non-Employee Directors, subject to the limitations set forth in sections 3.2 and 3.4.

3.4 Limits with respect to Insiders

(a) The maximum number of Common Shares that may be reserved for issuance to Insiders pursuant to Options granted under the Plan and any other Share Compensation Arrangement is 10% of the number of Common Shares outstanding.

(b) The maximum number of Common Shares that may be issued to Insiders under the Plan and any other Share Compensation Arrangement within a one-year period is 10% of the number of Common Shares outstanding.

(c) The maximum number of Common Shares that may be issued to any one Insider (and such Insider's associates, as defined in the *Securities Act* (Alberta)), under the Plan and

any other Share Compensation Arrangement within a one-year period is 5% of the number of Common Shares outstanding.

(d) For the purposes of (a), (b) and (c) above, any entitlement to acquire Common Shares granted pursuant to the Plan or any other Share Compensation Arrangement prior to the grantee becoming an Insider is to be excluded. For the purposes of (b) and (c) above, the number of Common Shares outstanding is to be determined on the basis of the number of Common Shares outstanding at the time of the reservation or issuance, as the case may be, excluding Common Shares issued under the Plan or under any other Share Compensation Arrangement over the preceding one-year period.

3.5 Non-Exclusivity

Nothing in this Plan will prevent the Board from adopting other or additional Share Compensation Arrangements, subject to obtaining any required regulatory or shareholder approvals.

3.6 Amendment of Plan and Options

(a) The Board may amend, suspend or terminate the Plan at any time, provided that no such amendment, suspension or termination may:

(i) be made without obtaining any required regulatory or shareholder approvals (which approvals will always be required in the case of an amendment to increase the maximum number of Common Shares that may be reserved for issuance pursuant to Options granted under the Plan); or

(ii) prejudice the rights of any Optionholder under any Option previously granted to the Optionholder, without the consent or deemed consent of the Optionholder.

(b) The Committee may amend the terms of any outstanding Option, provided that:

(i) any required regulatory and shareholder approvals are obtained;

(ii) the Option could have been granted under terms as so amended; and

(iii) the consent or deemed consent of the Optionholder is obtained if the amendment would prejudice the rights of the Optionholder under the Option.

3.7 Compliance with Laws and Stock Exchange Rules

The Plan, the grant and exercise of Options under the Plan and the Corporation's obligation to issue Common Shares on exercise of Options will be subject to all applicable federal, provincial and foreign laws, rules and regulations and the rules of any stock exchange on which the Common Shares are listed for trading. No Option will be granted and no Common Shares will be issued under the Plan where such grant or issue would require registration of the Plan or such Common Shares under the securities laws of any foreign jurisdiction. Common Shares issued to Optionholders pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws.

ARTICLE 4 -
GRANT OF OPTIONS

4.1 Initial and Annual Grants

(a) An initial grant of 8,000 Options will be made to each Non-Employee Director. The Grant Date for such Options will be:

(i) for each person who is a Non-Employee Director on the effective date of the arrangement under section 192 of the *Canada Business Corporations Act* pursuant to which the holders of common shares of Canadian Pacific Limited become direct holders of Common Shares of the Corporation, within 30 days following such date, as determined by the Committee; and

(ii) for each person who subsequently becomes a Non-Employee Director, the third trading day on The Toronto Stock Exchange following the date on which such person is first elected or appointed as a Non-Employee Director.

(b) An annual grant of 4,000 Options will be made to each Non-Employee Director. The Grant Date for such Options will be the third trading day on The Toronto Stock Exchange following each annual meeting of shareholders of the Corporation at which directors of the Corporation are elected.

4.2 Option Agreement

(a) Upon the grant of an Option, the Corporation will deliver to the Optionholder an Option Agreement dated the Grant Date, containing the terms of the Option and executed by the Corporation. Upon return to the Corporation of the Option Agreement, executed by the Optionholder, the Optionholder will be a participant in the Plan and have the right to purchase the Optioned Shares on the terms set out in the Option Agreement and in the Plan.

(b) An Optionholder may elect at the time of grant to have all or a portion of the Option granted to the Optionholder's Family Trust, Personal Holding Corporation or Retirement Trust (if permitted by applicable securities laws). In that case, an Option Agreement will be entered into between the Corporation and the Family Trust, Personal Holding Corporation or Retirement Trust, which will be the Optionholder for the purposes of this Plan.

4.3 Exercise Price

The Exercise Price of Common Shares subject to an Option will be determined or ratified by the Board and will not be less than the market price of the Common Shares at the Grant Date, calculated as:

(a) the closing price of a board lot of the Common Shares on The Toronto Stock Exchange on:

(i) the last trading day preceding the Grant Date, if the Option is granted before the close of trading on the Grant Date; or

(ii) the Grant Date, if the Option is granted after the close of trading on the Grant Date;

provided that if the Common Shares did not trade on that trading day, then the closing price on the last preceding trading day on which a board lot of the Common Shares traded will be used;

(b) if the Options are to be granted on a pre-determined date in the future, the weighted average trading price, rounded up to the nearest cent, of the Common Shares on The Toronto Stock Exchange for the five trading days preceding the Grant Date; or

(c) such other Exercise Price as may be permitted or required by The Toronto Stock Exchange.

4.4 Time of Exercise

An Option may be exercised by an Optionholder from time to time on and after the Grant Date, as to 100% of the Optioned Shares or any part thereof.

4.5 Expiry Date

The Expiry Date of an Option will be ten years after the Grant Date, subject to the provisions of section 4.6 relating to early expiry.

4.6 Early Expiry

An Option will expire before its Expiry Date in the following events and manner:

(a) if an Optionholder ceases to be a member of the Board (whether as a result of the resignation of the Optionholder from the Board or the Optionholder not standing for re-election or not being re-elected as a member of the Board by the shareholders of the Corporation at a meeting, or for any other reason other than as a result of death), then the Option may be exercised by the Optionholder and any such exercise must be during the period ending on the earlier of (i) 36 months after the date of cessation and (ii) the Expiry Date, after which period the Option will expire; and

(b) if an Optionholder dies, then the Option may be exercised, any such exercise must be effected by a legal representative of the Optionholder's estate or by a person who acquires the Optionholder's rights under the Option by bequest or inheritance and any such exercise must be during the period ending on the earlier of (i) 12 months after the death of the Optionholder and (ii) the Expiry Date, after which period the Option will expire.

4.7 Limited Assignment

(a) An Option may not be assigned, except to:

(i) an Optionholder's Family Trust, Personal Holding Corporation or Retirement Trust (or between such entities or from either of such entities to the Optionholder); or

(ii) a legal representative of the Optionholder's estate or a person who acquires the Optionholder's rights under the Option by bequest or inheritance on death of the Optionholder.

(b) If a Personal Holding Corporation to which an Option has been granted or assigned is no longer controlled by the related Non-Employee Director, or the shares of the Personal Holding Corporation are no longer beneficially owned by the Non-Employee Director

and persons who were the spouse, minor children or minor grandchildren of the Non-Employee Director at the time of grant or assignment, then the Option cannot be exercised until it is assigned by the Personal Holding Corporation to that Non-Employee Director or another assignee permitted by section 4.7(a).

4.8 Participation Voluntary; No Rights as Shareholder or to Remain a Director

(a) Participation of a Non-Employee Director in the Plan is entirely voluntary.

(b) An Optionholder will only have rights as a shareholder of the Corporation with respect to those of the Optioned Shares that the Optionholder has acquired through exercise of an Option in accordance with its terms.

(c) Nothing in this Plan or in any Option Agreement will confer on any Optionholder any right to remain as a director of the Corporation.

4.9 Adjustments

Adjustments will be made to (i) the Exercise Price of an Option, (ii) the number of Common Shares delivered to an Optionholder upon exercise of an Option and/or (iii) the maximum number of Common Shares that, pursuant to section 3.2(a), may at any time be reserved for issuance pursuant to Options granted under the Plan in the following events and manner, subject to any required regulatory approvals and the right of the Committee to make such other or additional adjustments, or to make no adjustments at all, as the Committee considers to be appropriate in the circumstances:

(a) upon (i) a subdivision of the Common Shares into a greater number of Common Shares, (ii) a consolidation of the Common Shares into a lesser number of Common Shares or (iii) the issue of a stock dividend to holders of the Common Shares (excluding a stock dividend paid in lieu of a cash dividend in the ordinary course), the Exercise Price will be adjusted accordingly and the Corporation will deliver upon exercise of an Option, in addition to or in lieu of the number of Optioned Shares in respect of which the right to purchase is being exercised, such greater or lesser number of Common Shares as result from the subdivision, consolidation or stock dividend;

(b) upon (i) a capital reorganization, reclassification or change of the Common Shares, (ii) a consolidation, amalgamation, arrangement or other form of business combination of the Corporation with another person or corporation or (iii) a sale, lease or exchange of all or substantially all of the property of the Corporation, the Exercise Price will be adjusted accordingly and the Corporation will deliver upon exercise of an Option, in lieu of the Optioned Shares in respect of which the right to purchase is being exercised, the kind and amount of shares or other securities or property as results from such event;

(c) upon the distribution by the Corporation to holders of the Common Shares of (i) shares of any class (whether of the Corporation or another corporation) other than Common Shares, (ii) rights, options or warrants, (iii) evidences of indebtedness or (iv) cash (excluding a cash dividend paid in the ordinary course), securities or other property or assets, the Exercise Price will be adjusted accordingly but no adjustment will be made to the number of Optioned Shares to be delivered upon exercise of an Option;

(d) upon the occurrence of an event described in (a) or (b) above, the maximum number of Common Shares that, pursuant to section 3.2(a), may at any time be reserved for issuance pursuant to Options granted under the Plan will be adjusted accordingly;

(e) adjustments to the Exercise Price of an Option will be rounded up to the nearest one cent and adjustments to the number of Common Shares delivered to an Optionholder upon exercise of an Option and the maximum number of Common Shares that, pursuant to section 3.2(a), may at any time be reserved for issuance pursuant to Options granted under the Plan will be rounded down to the nearest whole Common Share; and

(f) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative.

ARTICLE 5 - EXERCISE OF OPTIONS

5.1 Manner of Exercise

An Optionholder who wishes to exercise an Option may do so by delivering the following to the Corporation on or before the Expiry Date of the Option:

(a) a completed Notice of Exercise; and

(b) a cheque (which need not be a certified cheque) or bank draft payable to the Corporation for the aggregate Exercise Price of the Optioned Shares being acquired.

If the Optionholder is deceased or mentally disabled, the Option may be exercised by a legal representative of the Optionholder or the Optionholder's estate or by a person who acquires the Optionholder's rights under the Option by bequest or inheritance and who, in addition to delivering to the Corporation the Notice of Exercise and cheque or bank draft described above, must also deliver to the Corporation evidence of their status.

5.2 Delivery of Share Certificate

Not later than five business days after receipt by the Corporation pursuant to section 5.1 of the Notice of Exercise and payment in full for the Optioned Shares being acquired, the Corporation will direct its registrar and transfer agent to issue a certificate in the name of the Optionholder or an intermediary on behalf of the Optionholder (or, if deceased, his or her legal representative or beneficiary) for the number of Optioned Shares purchased by the Optionholder (or his or her legal representative or beneficiary), which will be issued as fully paid and non-assessable Common Shares.

5.3 Withholding

If the Corporation determines that the satisfaction of taxes, including withholding tax, or other withholding liabilities is necessary or desirable in respect of the exercise of any Option, the exercise of the Option is not effective unless such taxes have been paid or withholdings made to the satisfaction of the Corporation. The Corporation may require an Optionholder to pay to the Corporation, in addition to the Exercise Price for the Optioned Shares, any amount as the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the Option. Any such additional payment is due no later than the date on which any amount with respect to the Option exercised is required to be included in the gross income of the Optionholder for tax purposes.

SCHEDULE A - FORM OF OPTION AGREEMENT

CANADIAN PACIFIC RAILWAY LIMITED
DIRECTORS' STOCK OPTION PLAN

OPTION AGREEMENT

This Option Agreement is entered into between Canadian Pacific Railway Limited (the "Corporation") and the Optionholder named below pursuant to the Canadian Pacific Railway Limited Directors' Stock Option Plan (the "Plan"), a copy of which is attached hereto, and confirms that:

1. on •, 200• (the "Grant Date");

2. • (the "Optionholder");

3. was granted an option (the "Option") to purchase • Common Shares (the "Optioned Shares") of the Corporation, exercisable on and after the Grant Date;

4. at a price (the "Exercise Price") of $• per Common Share; and

5. for a term expiring at 5:00 p.m., Calgary time, on •, 201• (the "Expiry Date");

all on the terms and subject to the conditions set out in the Plan. By signing this agreement, the Optionholder acknowledges that he or she has read and understands the terms of the Plan and accepts the Option in accordance with the terms of the Plan.

IN WITNESS WHEREOF the Corporation and the Optionholder have executed this Option Agreement as of •, 200•.

Canadian Pacific Railway Limited

By: _____

By: _____

_____
Name of Optionholder

_____
Signature of Optionholder

SCHEDULE B - FORM OF NOTICE OF EXERCISE

CANADIAN PACIFIC RAILWAY LIMITED
DIRECTORS' STOCK OPTION PLAN

NOTICE OF EXERCISE

TO: Canadian Pacific Railway Limited
Suite 500, Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta T2P 4Z4

Attention: •

Reference is made to the Option Agreement made as of •, 200•, between Canadian Pacific Railway Limited (the "Corporation") and the Optionholder named below. The Optionholder hereby exercises the Option to purchase Common Shares of the Corporation as follows:

Number of Optioned Shares for which Option being exercised: _____

Exercise Price per Common Share: $ _____

Total Exercise Price (in the form of a cheque (which need not be a certified cheque) or bank draft tendered with this Notice of Exercise): $ _____

Name of Optionholder as it is to appear on share certificate: _____

Address of Optionholder as it is to appear on the register of Common Shares of the Corporation and to which a certificate representing the Common Shares being purchased is to be delivered: _____

_____

_____

Dated • , 200•.

_____
Name of Optionholder

_____
Signature of Optionholder

Exhibit 10.8

CANADIAN PACIFIC RAILWAY LIMITED

DIRECTORS' DEFERRED SHARE UNIT PLAN

AS AMENDED WITH EFFECT AS OF JULY 1, 2013

Section 1 Interpretation

1.1 Purpose

The purposes of the Plan are:

(a) to promote a greater alignment of interests between directors of CPRC and the Company and the shareholders of the Company;

(b) to provide a compensation system for directors that is reflective of the responsibility, commitment and risk accompanying board membership;

(c) to assist the Company and CPRC to attract and retain individuals with experience and ability to act as directors; and

(d) to allow directors of CPRC and the Company to participate in the long-term success of the Company.

1.2 Definitions

As used in the Plan, the following terms have the following meanings:

(a) "**Account**" has the meaning ascribed thereto in Section 3.4;

(b) **"Affiliate"** means an affiliate of either of the Company or CPRC as that term is defined in paragraph 8 of Canada Revenue Agency's Interpretation Bulletin IT-337R4, *Retiring Allowance*;

(c) "**Beneficiary**" means an individual who, on the date of an Eligible Director's death, is the person who has been designated in accordance with Section 5.7 and the laws applying to the Plan, or where no such individual has been validly designated by the Eligible Director, or where the individual does not survive the Eligible Director, the Eligible Director's legal representative;

(d) "**Board**" means those individuals who serve from time to time as the Board of Directors of the Company;

(e) "**Committee**" means the Corporate Governance and Nominating Committee of the Board, or such other persons or other Committee of the Board or the Board of Directors of CPRC, as may be designated by the Board;

(f) "**Company**" means Canadian Pacific Railway Limited;

(g) "**Conversion Date**" means, with respect to any Quarter, the date used to determine the Fair Market Value for purposes of determining the number of DSUs to be awarded in respect of that Quarter to an Eligible Director,

which date shall be the date recommended by the Committee and confirmed by the Board and which shall for the Quarter commencing on the effective date of the Plan be the last day of that Quarter and thereafter shall generally be the last day of each Quarter and, in any event, shall not be earlier than the first business day, or later than December 31, of the year in respect of which the DSUs are being provided;

(h) "**CPRC**" means Canadian Pacific Railway Company;

(i) **Directors' Annual Remuneration**" means all amounts payable to an Eligible Director by the Company and/or CPRC in respect of the services provided to Company and/or to CPRC by the Eligible Director in a calendar year with respect to one or more Quarters, including without limitation, as applicable (i) the annual base retainer fee for serving as a director, (ii) the annual retainer fee for serving as a member of a board committee, (iii) the annual retainer fee for chairing a board committee, (iv) the fees for attending meetings of the board of directors or board committees, but, for greater certainty, excluding amounts received by an Eligible Director as a reimbursement for expenses incurred in attending meetings;

(j) "**DSU**" means a unit credited by the Company or CPRC to an Eligible Director by way of a bookkeeping entry in the books of the Company or CPRC, as determined by the Committee, and administered pursuant to the terms of the Plan, the value of which, on a particular date, shall be equal to the Fair Market Value at that date;

(k) "**Eligible Director**" means all directors of the Company and CPRC who are not otherwise employees of CPRC or any Affiliate, and who have not declined to receive Directors' Annual Remuneration;

(l) "**Entitlement Date**" has the meaning ascribed thereto in Section 4.1;

(m) "**Fair Market Value**" means, with respect to Eligible Directors who are residents of Canada for purposes of the Income Tax Act (Canada), the TSX FMV, and with respect to Eligible Directors who are not residents of Canada for purposes of the Income Tax Act (Canada), the NYSE FMV;

(n) "**NYSE FMV**" means, with respect to any particular date, the average closing price of a Share on the New York Stock Exchange, or if the Shares are not listed on the New York Stock Exchange, on such other stock exchange in the United States on which the Shares are listed, or if the Shares are not listed on any stock exchange, then on the over-the-counter market in the United States, on the ten trading days prior to that date; rounded up to the nearest cent;

(o) "**Plan**" means this Directors' DSU Plan, as amended from time to time;

(p) "**Post-2004 DSUs**" means DSUs credited to the Account of an Eligible Director under Section 3.2 or Section 3.3 on or after January 1, 2005 and prior to January 1, 2014 and any additional DSUs credited to such Eligible Director's Account under Section 3.4 (before, on or after January 1, 2005) that are attributable to DSUs credited to such Eligible Director's Account under Section 3.2 or Section 3.3 on or after January 1, 2005 and prior to January 1, 2014;

(q) "**Pre-2005 DSUs**" means DSUs credited to the Account of an Eligible Director under Section 3.2 or Section 3.3 prior to January 1, 2005 and any additional DSUs credited to such Eligible Director's Account under Section 3.4 (before, on or after January 1, 2005) that are attributable to DSUs credited to such Eligible Director's Account under Section 3.2 or Section 3.3 prior to January 1, 2005;

(r) "**Post-2013 DSUs**" means DSUs credited to the Account of an Eligible Director that are not Pre-2005 DSUs or Post-2004 DSUs;

(s) "**Quarter**" means a fiscal Quarter of the Company or CPRC as the context requires, which, until changed by the Company or CPRC, as the case may be, shall be the three month period ending March 31, June 30, September 30 or December 31 in any calendar year;

(t) "**Related Corporation**" means a corporation related to the Company for the purposes of the *Income Tax Act* (Canada) and, unless inconsistent with the context, includes CPRC;

(u) "**Share**" means a common share, without nominal or par value, of the capital stock of the Company;

(v) "**Termination Date**" means, with respect to an Eligible Director the earliest date on which both of the following conditions are met: (i) the Eligible Director has ceased to be employed by the Company, CPRC or any Affiliate for any reason whatsoever; and (ii) the Eligible Director is not a member of the Board nor a director of an Affiliate; provided that the Termination Date of a U.S. Eligible Director shall be the date on which such Eligible Director has separated from service, within the meaning of Section 409A of the Internal Revenue Code;

(w) "**TSX FMV**" means, with respect to any particular date, the average closing price of a Share on the Toronto Stock Exchange, or if the Shares are not listed on the Toronto Stock Exchange, on such other stock exchange in Canada on which the Shares are listed, or if the Shares are not listed on any stock exchange, then on the over-the-counter market in Canada, on the ten trading days prior to that date rounded up to the nearest cent; and

(x) "**U.S. Eligible Director**" means an Eligible Director who is subject to federal income tax on his Directors' Annual Remuneration under the "Internal Revenue Code" of the United States of America.

1.3 Effective Date

The effective date of the Plan, which was amended and restated as of July 1, 2013 is October 1, 2001.

1.4 Construction

In this Plan, all references to the masculine include the feminine; reference to the singular shall include the plural and vice versa, as the context shall require. If any provision of the Plan or part thereof is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof. Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions contained herein. References to "Section" or "Sections" mean a section or sections contained in the Plan unless expressly stated otherwise.

1.5 Administration

The Committee shall, in its sole and absolute discretion: (i) interpret and administer the Plan; (ii) establish, amend and rescind any rules and regulations relating to the Plan; (iii) have the power to delegate, on such terms as the Committee deems appropriate, any or all of its powers hereunder to the Chief Executive Officer of the Company or CPRC; and (iv) make any other determinations that the Committee deems necessary or desirable for the administration of the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems, in its sole and absolute discretion, necessary or desirable. Any decision of the Committee with respect to the administration and interpretation of the Plan shall be conclusive and binding on the Eligible Director and any other person claiming an entitlement or benefit through the Eligible Director. All expenses of administration of the Plan as determined by the Committee shall be borne by CPRC.

1.6 Governing Law

The Plan shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Section 2 Election Under the Plan

2.1 Payment of Annual Remuneration

Subject to Sections 2.2 and 3.3 and such rules, regulations, approvals and conditions as the Committee may impose, an Eligible Director may elect to receive his Directors' Annual Remuneration in the form of DSUs or cash or any combination thereof; provided that no such election shall be applicable for Directors' Annual Remuneration payable in respect of services provided in calendar 2014 and subsequent years. For services provided in calendar 2014 and subsequent years, all Directors' Annual Remuneration earned for such services shall be provided 100% in the form of Post-2013 DSUs.

2.2 Method of Electing

2.2.1 To elect to receive all or some portion of a Directors' Annual Remuneration in respect of the year in which this Plan becomes effective in the form of DSUs, the Eligible Director shall complete and deliver to CPRC an initial written election by no later than 15 business days before the end of the Quarter that includes the effective date of this Plan, which shall apply to the Eligible Director's Directors' Annual Remuneration payable on and after the end of such Quarter, subject to the provisions of this Section 2.2.1. An Eligible Director may change the portion of his Directors' Annual Remuneration to be provided in the form of DSUs for subsequent years by completing and delivering to CPRC a new written election by no later than the last business day of the year preceding the first year in which the Directors' Annual Remuneration that is subject to the new election is earned. Where an individual becomes an Eligible Director, other than a U.S. Eligible Director, during a calendar year, such Eligible Director shall be entitled to make an initial written election in accordance with Section 2.2.2 with respect to Directors' Annual Remuneration payable in respect of Quarters in the same calendar year commencing after the date of the Eligible Director's appointment or election to the Board or the Board of Directors of CPRC and in respect of subsequent years. Such election must be completed and delivered to CPRC no later than the last business day preceding the Quarter in which such Directors' Annual Remuneration that is subject to the election first becomes payable. Where an individual becomes an Eligible U.S. Director during a calendar year, such Eligible Director may make an initial written election in accordance with Section 2.2.2 in respect of Directors' Annual Remuneration earned by the U.S. Eligible Director after the date the election is made in the same year and in subsequent years. With respect to the Directors' Annual Remuneration earned in the year in which the individual becomes a U.S. Eligible Director, such election shall not be effective to require such Directors' Annual Remuneration be provided in the form of DSUs if (i) such election is not completed and delivered to CPRC within 30 days after the individual becomes an Eligible Director; or (ii) the individual previously participated in a plan maintained by the Company or CPRC that is a "non-qualified deferred compensation plan" for purposes of Section 409A of the Internal Revenue Code. Notwithstanding any of the foregoing, for services provided in calendar 2014 and subsequent years, all Directors' Annual Remuneration earned for such services shall be provided 100% in the form of Post-2013 DSUs, and no election to the contrary shall be effective.

2.2.2 For services provided prior to January 1, 2014, an Eligible Director shall be entitled to elect on an irrevocable basis one of the following five (5) options with respect to the payment of his Directors' Annual Remuneration:

(i) 25% of the Eligible Director's potential Directors' Annual Remuneration in the form of DSUs;

(ii) 50% of the Eligible Director's potential Directors' Annual Remuneration in the form of DSUs;

(iii) 75% of the Eligible Director's potential Directors' Annual Remuneration in the form of DSUs;

(iv) 100% of the Eligible Director's potential Directors' Annual Remuneration in the form of DSUs; or

(v) such other percentage of the Eligible Director's potential Directors' Annual Remuneration as is specified by the Committee in order to fulfill the Share ownership requirements applicable to the Eligible Director (A) at the time of the Eligible Director's election, in the case of U.S. Eligible Directors or (B) at the time for payment of such Directors' Annual Remuneration, in the case of all other Eligible Directors[1].

DSUs already granted to the Eligible Director pursuant to the Plan and Shares owned by or for the benefit of the Eligible Director shall be taken into account by the Committee in determining attainment of Share ownership requirements.

2.2.3 In the absence of a new election made in accordance with this Section 2.2, an Eligible Director's latest election with respect to the percentage of the Directors' Annual Remuneration that is to be provided in the form of DSUs, and cash (if applicable) shall continue to apply to all subsequent Directors' Annual Remuneration payments to such Eligible Director until the Eligible Director submits another written election in accordance with this section. An Eligible Director's election shall be irrevocable with respect to his Directors' Annual Remuneration for the Quarter or year, as applicable, commencing immediately following the date of the election and for any subsequent year unless the Eligible Director makes a new election in accordance with this Section 2.2 by the last business day of the year immediately prior to the first year in which the Directors' Annual Remuneration to which new election is intended to apply is earned. Notwithstanding any of the foregoing, for services provided in calendar 2014 and subsequent years, all Directors' Annual Remuneration earned for such services shall be provided 100% in the form of Post-2013 DSUs, and no election to the contrary shall be effective.

2.2.4 Notwithstanding any election made by an Eligible Director under this Section 2.2, the Committee may, in its sole direction, decline to award DSUs to an Eligible Director who is not a U.S. Eligible Director on account of the Eligible Director's potential Directors' Annual Remuneration or may require an Eligible Director to receive such portion of his Directors' Annual Remuneration in respect of one or more years in DSUs as the Committee may specify in order to fulfill the Share ownership requirements applicable to such Eligible Director at the time for payment of such Directors' Annual Remuneration; provided, however, that the Committee shall not be permitted to exercise such discretion with respect to U.S. Eligible Directors[2].

[1] [The ability of the director to change his or her share ownership in the middle of the year would act indirectly as a change in the director's deferral election, which would violate 409A.]
[2] [The company cannot accelerate or delay a deferral election under 409A.]

Section 3 Payment of Directors' Annual Remuneration and Crediting of DSUs

3.1 Payment of Director's Annual Remuneration

The portion of the Directors' Annual Remuneration payable in respect of a Quarter or other period within the year to which such Directors' Annual Remuneration relates shall be paid in cash (net of applicable withholdings) or provided in the form of DSUs as set out in Section 3.2 as soon as practicable after the last day of each Quarter or such other applicable period in respect of which the Directors' Annual Remuneration may be payable.

3.2 Elected and Provided DSUs

DSUs elected by an Eligible Director pursuant to the Plan or otherwise to be provided to an Eligible Director pursuant to the Plan shall, subject to the committee's discretion under Section 2.2.4, be credited to the Eligible Director's Account as of the Conversion Date applicable for the Quarter or other period to which the DSUs relate. The number of DSUs (including fractional DSUs) to be credited to an Eligible Director's Account as of a particular Conversion Date shall be determined by dividing (i) the portion of the Director's Annual Remuneration for the applicable Quarter or other applicable period to be satisfied by DSUs as elected by the Eligible Director pursuant to any of options (i) through (iv) of Section 2.2.2 or as determined by the Committee pursuant to option (v) of Section 2.2.2 or pursuant to Section 2.2.4 or otherwise, by (ii) the Fair Market Value on the particular Conversion Date. DSUs credited pursuant to this Section 3.2, Section 3.3 and Section 3.4 will be fully vested upon being credited to an Eligible Director's Account and the Eligible Director's entitlement to payment of such DSUs at his Termination Date shall not thereafter be subject to satisfaction of any requirements as to any minimum period of membership on the Board or on the board of directors of CPRC.

3.3 Additional DSUs

Subject to Section 3.6.2 and regardless of an Eligible Director's election (if any) under Section 2.2, the Committee may in its sole discretion grant additional DSUs to an Eligible Director as additional compensation in respect of services provided to the Company and/or CPRC by the Eligible Director and/or in lieu of other director's equity or equity related compensation. The Committee shall determine the date(s) on which such DSUs may be granted and the date(s) as of which such DSUs are credited to the Account of an Eligible Director.

3.4 Dividend Equivalents

On the payment date for dividends paid on Shares, an Eligible Director shall be credited with dividend equivalents in respect of DSUs credited to the Eligible Director's Account as of the record date for payment of dividends. Such dividend equivalents shall be converted into additional DSUs corresponding to the DSUs then credited to the Eligible Director's Account (including fractions thereof) based on the Fair Market Value on the date such dividend equivalents are credited.

3.5 Eligible Directors' Accounts

The Company or CPRC, as determined by the Board, shall maintain or cause to be maintained in its books an account for each Eligible Director ("Account") recording at all times the number and type of DSUs standing to the credit of the Eligible Director. Upon payment in satisfaction of DSUs credited to an Eligible Director in the manner described herein, such DSUs shall be cancelled. A written confirmation of the balance in an Eligible Director's Account shall be mailed by the Company or CPRC to the Eligible Director at least annually.

3.6 Adjustments and Reorganizations

3.6.1 In the event of any stock dividend, stock split, combination or exchange of Shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Company's assets to shareholders, or any other change in the capital of the Company affecting the Shares, such proportionate adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change, shall be made with respect to the number of DSUs outstanding under the Plan.

3.6.2 Notwithstanding any other provision of the Plan, the value of each DSU, as applicable, shall always depend on the value of shares of the Company or a Related Corporation. No amount will be paid and no other benefit will be granted to, or in respect of, an Eligible Director under the Plan, in order to compensate for a downward fluctuation in the value of a Share.

Section 4 Termination of Service

4.1 Redemption of DSUs

Subject to Sections 4.2, 4.3 and 4.5, an Eligible Director may elect the date as of which the DSUs credited to the Eligible Director's Account shall be redeemed (the "Entitlement Date") by filing an irrevocable written election with CPRC no later than November 15 of the calendar year commencing immediately after the Eligible Director's Termination Date. The Fair Market Value of the DSUs credited to the Eligible Director's Account as at the Entitlement Date, as may be adjusted pursuant to Section 4.3 or Section 4.5, shall be redeemable by and payable to the Eligible Director or the Eligible Director's Beneficiary, as applicable. The Fair Market Value of the DSUs redeemed by or in respect of an Eligible Director shall, after deduction of any applicable taxes and other source deductions required to be withheld, be paid by the Company or CPRC as a lump sum in cash to the Eligible Director or the Eligible Director's Beneficiary, as applicable as soon as practicable after the Eligible Director's Entitlement Date.

4.2 Determination of Entitlement Date

4.2.1 The Entitlement Date elected by an Eligible Director (including a U.S. Eligible Director) pursuant to Section 4.1 with respect to Pre-2005 DSUs shall not be before the later of the date on which such election is filed with CPRC and 30 days after the Eligible Director's Termination Date and shall not be later than December 15 of the calendar year commencing immediately after the Eligible Director's Termination Date. The

Entitlement Date elected by an Eligible Director (other than a U.S. Eligible Director) pursuant to Section 4.1 with respect to Post-2004 DSUs shall not be before the later of the date on which such election is filed with CPRC and six months after the Eligible Director's Termination Date and shall not be later than December 15 of the calendar year commencing immediately after the Eligible Director's Termination Date. Where an Eligible Director does not elect a date within the permissible period set out above as his Entitlement Date, the Entitlement Date for such Eligible Director shall be December 15 of the calendar year commencing immediately after the Eligible Director's Termination Date.

4.2.2 Notwithstanding Section 4.2.1, where an Eligible Director elects an Entitlement Date under Section 4.1 for Pre-2005 DSUs that is earlier than the date that is six months after the Eligible Director's Termination Date the Entitlement Date for any Post-2004 DSUs credited to such Eligible Director's Account shall be date that is six months after the Eligible Director's Termination Date.

4.2.3 Notwithstanding any other provision of this Plan, the Entitlement Date of a U.S. Eligible Director with respect to Post-2004 DSUs shall be the date that is six months after the U.S. Eligible Director's Termination Date.

4.2.4 Notwithstanding any other provision of this Plan, including Section 4.2.3, the Entitlement Date of an Eligible Director with respect to Post-2013 DSUs shall be the date that is twelve months after the Eligible Director's Termination Date.

4.3 Extended Entitlement Date

In the event that an Eligible Director's Entitlement Date falls between the record date for a dividend on the Shares and the related dividend payment date then, notwithstanding Sections 4.1 and 4.2, the redemption of his DSUs shall not be deferred; however, the redemption of the dividend equivalents (to be redeemed at the same Fair Market Value determined on the Entitlement Date) to be credited in respect of the foregoing dividend payment shall be deferred until the day immediately following such dividend payment date (or as soon as practicable thereafter), but in the case of U.S. Eligible Directors not later than the last day of the calendar year in which the Entitlement Date occurs, and the number of DSUs to be redeemed under Section 4.1 in respect of such Eligible Director at his Entitlement Date shall include dividend equivalents determined in accordance with Section 3.4 with respect to such record date. In the event that the Committee is unable, by an Eligible Director's Entitlement Date, to compute the final value of the DSUs recorded in such Eligible Director's Account by reason of the fact that any data required in order to compute the market value of a Share has not been made available to the Committee, and such delay is not caused by the Eligible Director, then the Entitlement Date shall be the next following trading day on which such data is made available to the Committee.

4.4 Limitation on Extension of Entitlement Date

Notwithstanding any other provision of the Plan, all amounts payable to, or in respect of, an Eligible Director hereunder shall be paid on or before December 31 of the calendar year commencing immediately after the Eligible Director's Termination Date.

4.5 Postponed Entitlement Date

Without limiting the generality of Section 5.5 and notwithstanding any other provision of the Plan, if in the opinion of the Committee, an Eligible Director is in possession of material undisclosed information regarding either or both of the Company and the Shares on his Entitlement Date, which in the case of U.S. Eligible Directors would prohibit the receipt of a payment under the Plan under U.S. federal securities laws, such Eligible Director's Entitlement Date shall be postponed until the earliest of the date on which (i) the Committee is satisfied the Eligible Director is no longer in possession of any such material undisclosed information, or (ii) December 15 of the year following the year of the Eligible Director's Termination Date.

Section 5 General

5.1 Unfunded Plan

Unless otherwise determined by the Committee, the Plan shall be unfunded. To the extent any individual holds any rights by virtue of an election under the Plan, such rights (unless otherwise determined by the Committee) shall be no greater than the rights of an unsecured general creditor of CPRC.

5.2 Successors and Assigns

The Plan shall be binding on all successors and assigns of the Company, CPRC and an Eligible Director, including without limitation, the estate of such Eligible Director and the legal representative of such estate, or any receiver or trustee in bankruptcy or representative of the Company's or CPRC's or the Eligible Director's creditors.

5.3 Plan Amendment

The Board may amend the Plan as it deems necessary or appropriate, but no such amendment shall, without the consent of the Eligible Director or unless required by law, adversely affect the rights of an Eligible Director with respect to DSUs to which the Eligible Director is then entitled under the Plan. Notwithstanding the foregoing, any amendment of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada) or any successor to such provision. For avoidance of doubt, the Board may amend the Plan without the consent of any Eligible Director so as to comply with the requirements of Section 409A of the Internal Revenue Code.

5.4 Plan Termination

The Board may terminate the Plan at any time, but no such termination shall, without the consent of the Eligible Director or unless required by law, adversely affect the rights of an Eligible Director with respect to DSUs to which the Eligible Director is then entitled under the Plan. Notwithstanding the foregoing, termination of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the *Income Tax Act (Canada)* or any successor to such provision. In the case of U.S. Eligible Directors, the Board may accelerate the payment of benefits upon a Plan termination only if the termination occurs:

(a) within 12 months of a corporate dissolution taxed under section 331 of the Internal Revenue Code, or with the approval of a bankruptcy court pursuant to 11 U.S.C. §503(b)(1)(A), provided that the payments under the Plan are included in the Eligible Director's gross income in the latest of (i) the calendar year in which the Plan termination occurs, (ii) the calendar year in which such benefit becomes vested or (iii) the first calendar year in which the payments are administratively practicable;

(b) within 30 days preceding or within 12 months following a change in control event, as defined in Treasury Regulation §1.409A-2(g)(4)(i) or

(c) upon any other termination event permitted under section 409A of the Internal Revenue Code.

5.5 Applicable Trading Policies

The Committee and each Eligible Director will ensure that all actions taken and decisions made by the Committee or an Eligible Director, as the case may be, pursuant to the Plan, comply with applicable securities regulations and policies of the Company relating to insider trading and "black out" periods.

5.6 Currency

All payments and benefits under the Plan in respect of Eligible Directors who are residents of Canada for purpose of the Income Tax Act (Canada) shall be determined and paid in the lawful currency of Canada. All payments and benefits under the Plan in respect of Eligible Directors who are not residents of Canada for purpose of the Income Tax Act (Canada) shall be determined and paid in the lawful currency of the United States of America.

5.7 Designation of Beneficiary

Subject to the requirements of applicable laws, an Eligible Director shall designate in writing a person who is a dependant or relation of the Eligible Director as a beneficiary to receive any benefits that are payable under the Plan upon the death of such Eligible Director. The Eligible Director may, subject to applicable laws, change such designation from time to time. Such designation or change shall be in such form and executed and filed in such manner as the Committee may from time to time determine.

5.8 Death of Participant

In the event of an Eligible Director's death, any and all DSUs then credited to the Eligible Director's Account shall become payable to the Eligible Director's Beneficiary in accordance with Section 4.

5.9 Rights of Participants

5.9.1 Except as specifically set out in the Plan, no employee of the Company, or any Related Corporation, including any Eligible Director, or other person shall have any

claim or right to any Shares or other benefit in respect of DSUs granted pursuant to the Plan.

5.9.2 Rights of Eligible Directors respecting DSUs shall not be transferable or assignable other than by will or the laws of descent and distribution.

5.9.3 Neither the Plan nor any award thereunder shall be construed as granting an Eligible Director a right to be retained as a member of the Board or of the board of CPRC or any Affiliate or a claim or right to any future grants of DSUs.

5.9.4 Under no circumstances shall DSUs be considered Shares nor shall they entitle any Eligible Director or other person to exercise voting rights or any other rights attaching to the ownership of Shares, nor shall any Eligible Director or other person be considered the owner of Shares by virtue of this Plan.

5.10 Compliance with Law

The Eligible Director shall comply with all applicable laws and furnish the Company with any and all information and undertakings as may be required to ensure compliance therewith. This Plan is intended to comply with the provisions of Section 409A of the Internal Revenue Code, and shall be interpreted and construed accordingly.

5.11 Withholding

The Company and CPRC shall be entitled to deduct any amount of withholding taxes and other withholdings from any amount paid or credited hereunder.

July 1, 2013

/s/ Peter Edwards
Peter Edwards
Vice-President, Human Resources and Industrial Relations
Canadian Pacific Railway Company

Exhibit 10.9

Effective January 1, 2001
Amended: •September 6, 2012

CANADIAN PACIFIC RAILWAY LIMITED

SENIOR EXECUTIVES' DEFERRED SHARE UNIT PLAN

Section 1 Interpretation

1.1 Purpose

The purposes of the Plan are:

(a) to promote a greater alignment of interests between senior executives of CPRC and the shareholders of the Company;

(b) to provide a compensation system for senior executives that is reflective of the responsibility, commitment and risk accompanying their management role;

(c) to assist the Company and CPRC to attract and retain individuals with experience and ability to act as senior management of CPRC; and

(d) to allow the senior executives of CPRC to participate in the long-term success of the Company.

1.2 Definitions

As used in the Plan, the following terms have the following meanings:

(a) "**Account**" has the meaning ascribed thereto in Section 3.7

(b) "**Beneficiary**" means an individual who, on the date of an Eligible Executive's death, is the person who has been designated in accordance with Section 5.7 and the laws applying to the Plan, or where no such individual has been validly designated by the Eligible Executive, or where the individual does not survive the Eligible Executive, the Eligible Executive's legal representative;

(c) "**Board**" means those individuals who serve from time to time as the Board of Directors of the Company;

(d) "**Bonus DSU**" means a unit credited by CPRC to an Eligible Executive pursuant to Section 3.1 by way of a bookkeeping entry in the books of CPRC and administered pursuant to the terms of the Plan, the value of which, on a particular date, shall be equal to the Fair Market Value at that date;

(e) "**Change of Control**" means:

(i) the initial acquisition by any person, or any persons acting jointly or in concert (as determined by the *Securities Act* (Alberta)), whether directly or indirectly, of voting securities of the Company which, together with all other voting securities of the Company

held by such persons, constitutes, in the aggregate, more than 20% of all outstanding voting securities of the Company;

(ii) an amalgamation, arrangement or other form of business combination of the Company with another corporation which results in the holders of voting securities of that other corporation holding, in the aggregate, more than 20% of all outstanding voting securities of the corporation resulting from the business combination;

(iii) a sale, disposition, lease or exchange to or with another person or persons (other than a Related Corporation) of property of the Company representing 50% or more of the net book value of the assets of the Company, determined as of the date of the most recently published audited financial statements of the Company; or

(iv) a change in the composition of the Board over any twelve month period commencing after the applicable Grant Date such that more than 50% of the persons who were directors of the Company at the beginning of the period are no longer directors at the end of the period, unless such change is a consequence of normal attrition;

(f) "**Committee**" means the Management Resources and Compensation Committee of the Board, or such other persons or other Committee of the Board, as may be designated by the Board;

(g) "**Company**" means Canadian Pacific Railway Limited;

(h) "**Conversion Date**" means, with respect to any calendar year, the date used to determine the Fair Market Value for purposes of determining the number of Bonus DSUs to be awarded to an Eligible Executive, which date shall, for Bonus DSUs credited in accordance with Section 3.1, be the last business day in the relevant Performance Period.

(i) "**CPRC**" means Canadian Pacific Railway Company;

(j) "**Disability Date**" means the date as of which an Eligible Executive commences receiving or is eligible to receive long-term disability benefits under the CPRC's long-term disability plan;

(k) "**Discretionary DSU**" means a unit credited by CPRC to an Eligible Executive pursuant to Section 3.4.2 by way of a bookkeeping entry in the books of CPRC and administered pursuant to the terms of the Plan, the value of which, on a particular date, shall be equal to the Fair Market Value at that date;

(l) **"DSUs"** means Pre-2005 DSUs and Post-2004 DSUs, collectively;

(m) "**Eligible Executive**" means such employees of CPRC as the Committee may designate from time to time as eligible to participate in the Plan;

(n) "**Employer**" means, with respect to an Eligible Executive, a company that is any of the Company or a Related Corporation and that employs such Eligible Executive or that last employed such Eligible Executive prior to his Termination Date;

(o) "**Entitlement Date**" has the meaning ascribed thereto in Section 4.1

(p) "**Fair Market Value**" means, with respect to Eligible Executives who are residents of Canada for purposes of the Income Tax Act (Canada), the **TSX FMV**, and with respect to Eligible Executives who are not residents of Canada for purposes of the Income Tax Act (Canada), the **NYSE FMV**;

(q) "**Global Dollar Amount**" has the meaning ascribed thereto in Section 3.3;

(r) **"Matching DSU**" means a unit credited by CPRC to an Eligible Executive pursuant to Section 3.4 by way of a bookkeeping entry in the books of CPRC and administered pursuant to the terms of the Plan, the value of which, on a particular date, shall subject to Section 3.4.2 be equal to the Fair Market Value at that date, determined by the closing price of a Share on the applicable stock exchange on the actual date of the award;

(s) "**NYSE FMV**" means, with respect to any particular date, the average closing price of a Share on the New York Stock Exchange, or if the Shares are not listed on the New York Stock Exchange, on such other stock exchange in the United States on which the Shares are listed, or if the Shares are not listed on any stock exchange, then on the over-the-counter market in the United States, on the ten trading days prior to that date, rounded up to the nearest cent. The NYSE FMV for a Matching DSU will be the closing price of a Share on the NYSE on the actual date of the award;

(t) **"Ownership Level"** is the value of DSUs and Shares held by the executive based on the greater of acquisition price and market price.

(u) **"Ownership Requirement"** is the minimum level of Share ownership set as a multiple of base salary.

(v) "**Performance Period**" means a calendar year in respect of which an Eligible Executive may be or become entitled to an award of Bonus DSUs under Section 3.1 or a cash award under the STIP , or both;

(w) "**Performance DSU**" means a unit credited by CPRC to an Eligible Executive by way of a bookkeeping entry in the books of CPRC and administered pursuant to the terms of the Plan, the value of which, on a particular date, shall be equal to the Fair Market Value at that date;

(x) "**Plan**" means this Senior Executives' Deferred Share Unit Plan, as amended from time to time;

(y) "**Post-2004 DSUs**" means Bonus DSUs, Discretionary DSUs and Matching DSUs credited to the Account of an Eligible Executive that are not Pre-2005 DSUs;

(z) "**Pre-2005 DSUs**" means Bonus DSUs, Discretionary DSUs, Performance DSUs and Matching DSUs credited to the Account of an Eligible Executive as the case may be, and vested prior to January 1, 2005;

(aa) "**Related Corporation**" means a corporation related to the Company for the purposes of the *Income Tax Act* (Canada) and, unless inconsistent with the context, includes CPRC;

(bb) "**Share**" means a common share, without nominal or par value, of the capital stock of the Company;

(cc) "**STIP**" means the Short Term Incentive Plan applicable to an Eligible Executive for a year, pursuant to which the Eligible Executive may receive cash awards, based on corporate performance and the Eligible Executive's individual contribution to the Company's and CPRC's consolidated financial results measured against predetermined objectives.

(dd) "**Termination Date**" means, with respect to an Eligible Executive the earliest date on which both of the following conditions are met: (i) the Eligible Executive has ceased to be employed by the Company, CPRC or any affiliate thereof (as the term "affiliate" is defined in paragraph 8 of the Canada Revenue Agency's Interpretation Bulletin IT-337R4 dated October 21, 2003) for any reason whatsoever; and (ii) the Eligible Executive is not a member of the Board nor a Executive of an affiliate of the Company or CPRC (as defined in the above-noted Interpretation Bulletin); provided that the Termination Date of a U.S. Eligible Executive shall be the date on which such Eligible Executive has separated from service, within the meaning of Section 409A of the Internal Revenue Code;

(ee) "**TSX FMV**" means, with respect to any particular date, the average closing price of a Share on the Toronto Stock Exchange, or if the Shares are not listed on the Toronto Stock Exchange, on such other stock exchange in Canada on which the Shares are listed, or if the Shares are not listed on any stock exchange, then on the over-the-counter market in Canada, on the ten trading days prior to that date, rounded up to the nearest cent. The TSX FMV for a Matching DSU will be the closing price of a Share on the TSX on the actual date of the award;

(ff) "**U.S. Eligible Executive**" means an Eligible Executive who is subject to federal income tax on his employment income paid by the Company or an Employer under the "Internal Revenue Code" of the United States of America; and

(gg) "**Vested DSU**" means each Bonus DSU, Discretionary DSU, Performance DSU and/or Matching DSU, which has vested in accordance with Section 3.5.

1.3 Effective Date

The effective date of the Plan, which was amended and restated as of September 6, 2012, is January 1, 2001.

1.4 Construction

In this Plan, all references to the masculine include the feminine; reference to the singular shall include the plural and vice versa, as the context shall require. If any provision of the Plan or part thereof is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof. Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions contained herein. References to "Section" or "Sections" mean a section or sections contained in the Plan unless expressly stated otherwise.

1.5 Administration

The Committee shall, in its sole and absolute discretion: (i) interpret and administer the Plan; (ii) establish, amend and rescind any rules and regulations relating to the Plan; (iii) have the power to delegate, on such terms as the Committee deems appropriate, any or all of its powers hereunder to the Chief Executive Officer of CPRC; and (iv) make any other determinations that the Committee deems necessary or desirable for the administration of the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems, in its sole and absolute discretion, necessary or desirable. Any decision of the Committee with respect to the administration and interpretation of the Plan shall be conclusive and binding on the Eligible Executive and any other person claiming an entitlement or benefit through the Eligible Executive. All expenses of administration of the Plan as determined by the Committee shall be borne by CPRC.

1.6 Governing Law

The Plan shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Section 2 Election Relating to Bonus DSUs

2.1 Election

2.1.1 An Eligible Executive may, with respect to any particular Performance Period, elect to participate in the Plan and be eligible to receive Bonus DSUs. In order to elect to participate in the Plan with respect to any particular Performance Period, an individual who has been designated as an Eligible Executive prior to the start of such Performance Period shall complete, and deliver to CPRC, a written election before the last business day of the calendar year immediately preceding the Performance Period. If an individual becomes an Eligible Executive during the first six months of a Performance Period, such Eligible Executive may elect to participate in the Plan for the purpose of being eligible to receive Bonus DSUs with respect to such Performance Period by completing and delivering to CPRC a written election within thirty days following the date on which such individual became an Eligible Executive. An individual who becomes an Eligible Executive during the last six months of a Performance Period is not entitled to elect to participate in the Plan for the purpose of being eligible to receive Bonus DSUs in respect of that Performance Period, but may so elect with respect to the next Performance Period.

2.1.2 An Eligible Executive who wishes to participate in the Plan with respect to a particular Performance Period in order to become eligible to receive Bonus DSUs shall be entitled to elect on an irrevocable basis, to defer a percentage of Bonus amount (25%, 50%, 75%, 100%) when combined with the value of the Eligible Executive's outstanding Discretionary or Bonus DSUs, not to exceed a value of 80% of the Eligible Executive's Ownership Requirement. Should the elected amount exceed 80% of the Eligible Executive's Ownership Requirement, the amount will be reduced accordingly.

DSUs already granted to the Eligible Executive pursuant to the Plan shall be taken into account by the Committee in determining attainment of Ownership Requirements. Notwithstanding an Eligible Executive's election under this Section 2.1.2, the Committee may, in its sole discretion, decline to award Bonus DSUs in respect of a particular Performance Period or, may require the Eligible Executive to receive a percentage, as specified by the Committee, of the Eligible Executive's potential incentive compensation under the STIP for that Performance Period in the form of Bonus DSUs; provided however, that the Committee shall not be permitted to exercise such discretion with respect to U.S. Eligible Executives.

Section 3 Crediting of DSUs Under the Plan

3.1 Award of Bonus DSUs

The Committee may, from time to time, award Bonus DSUs to Eligible Executives who have elected pursuant to Section 2.1 to participate in the Plan for a particular Performance Period. The Committee shall specify the Conversion Date of each award of Bonus DSUs under this Section 3.1 and the date as of which each such award of DSUs is to be credited to the Account of the applicable Eligible Executive. Each award of Bonus DSUs shall be confirmed by an instrument in writing issued by CPRC.

3.2 Where No Award of Bonus DSUs is Made

Where the Committee chooses not to award Bonus DSUs to an Eligible Executive under Section 3.1 in respect of a Performance Period, such Eligible Executive shall remain eligible to receive a cash incentive compensation award in respect of such Performance Period in accordance with the terms of the STIP as if such Eligible Executive had not elected to participate in the Plan for such Performance Period.

3.3 Calculation of Bonus DSUs

For the purpose of determining the number of Bonus DSUs to be awarded to an Eligible Executive in accordance with Section 3.1, the Committee shall compute the amount of incentive compensation award that would have been awarded to the Eligible Executive pursuant to the STIP had such employee not elected to participate in the Plan for the relevant Performance Period (the "Global Dollar Amount"). Where the Eligible Executive has elected to receive Bonus DSUs under Section 2.1.2, the Committee (subject to its discretion under Section 2.1.2) shall then award a number of Bonus DSUs (including fractional Bonus DSUs) to the Eligible Executive equal to the quotient determined by dividing: (i) the product determined by multiplying (a) the percentage amount elected by the Eligible Executive in accordance with Section 2.1.2 (as applicable), and (b) the Global Dollar Amount, by (ii) the Fair Market Value determined on the Conversion Date or on the date of the Eligible Executive's election, in the case of a U.S. Eligible Executive.

3.4 Award of Matching DSUs and/or Discretionary DSUs

3.4.1 The Committee may award Discretionary or Matching DSUs to an Eligible Executive in order to facilitate attainment of applicable Ownership Requirements in accordance with this Section 3.4. The Committee shall specify the date on which each award of Discretionary or Matching DSUs is to be credited to the Account of an Eligible Executive, the number of Discretionary or Matching DSUs to be awarded to the Eligible Executive on a particular date and the initial value of the Discretionary or Matching DSUs awarded on that date.

3.4.2 The initial value of a Discretionary or Matching DSU awarded to an Eligible Executive pursuant to Section 3.4.1 shall be the Fair Market Value on the date of the award except that it shall be determined based on the closing price of a Share on the applicable stock exchange on the actual date of the award rather than on the average closing price of a Share on the ten trading days prior to that date as otherwise provided in Section 1.2(p)

An Eligible Executive shall be awarded**,** subject to the approval of the Committee, during the 60-month period beginning on the date the Eligible Executive commences participation in the Plan or during the 60-month period following the move to the next level of ownership, one Matching DSU for every four Bonus DSUs awarded to the Eligible Executive until 20% Ownership Requirement is achieved through the greater of book value or Fair Market Value of Matching DSUs.

For greater certainty the value of outstanding Matching DSUs cannot exceed 20% of the Eligible Executive's Ownership Requirement on any date being considered for determining additional

Matching DSUs. Any award of Matching DSUs that would otherwise be made shall be reduced to the extent necessary to comply with reaching Ownership Requirement.

With respect to Eligible Executives who participated in the Deferred Share Unit plan prior to September 6, 2012 Matching DSUs will no longer be issued on Shares purchased.

3.4.3 The Committee may in its sole discretion grant, from time to time, Discretionary DSUs to an Eligible Executive in recognition of his services with CPRC or his position at CPRC. The Committee shall determine the date on which such Discretionary DSUs may be granted, which date shall in any event precede the Eligible Executive's Termination Date and shall not be earlier than his date of employment by CPRC, the Company or a Related Corporation. The Committee may, in its sole discretion, attach time based vesting conditions (which shall be expressed as a requisite number of months after the date of the grant of the Discretionary DSUs) to any such grant of Discretionary DSUs which, subject to Section 3.5.4, if not attained by the Eligible Executive prior to the date of termination of employment, may result in the forfeiture of such non-vested Discretionary DSUs.

3.5 Date of Crediting and Vesting of Bonus DSUs, Discretionary DSUs and Matching DSUs

3.5.1 Bonus DSUs shall be credited to the Account of an Eligible Executive as of the date specified by the Committee in accordance with Section 3.1. Bonus DSUs awarded under Sections 3.1 and 3.6 will be fully vested upon being credited to an Eligible Executive and the Eligible Executive's entitlement to payment of Bonus DSUs shall not thereafter be subject to satisfaction of any requirements as to any minimum period of employment or attainment of Share Ownership Requirements.

3.5.2 Discretionary DSUs shall be credited to the Account of an Eligible Executive as of the date specified by the Committee in accordance with Section 3.4.4. Except as provided in Section 3.5.4 below, if an Eligible Executive receives or gives notice of termination of employment following the date of grant of Discretionary DSUs and prior to completion of the vesting period relating to such Discretionary DSUs, the Eligible Executive shall (subject to the terms of the applicable instrument issued pursuant to Section 3.4.4) forfeit all rights, title and interest with respect to such Discretionary DSUs including, for greater certainty, any additional Discretionary DSUs granted pursuant to Section 3.6 in respect of those Discretionary DSUs.

3.5.3 Matching DSUs shall be credited to the Account of an Eligible Executive as of the date specified by the Committee in accordance with Section 3.4.1. Except as provided in Section 3.5.4 below or where the Committee or the President and Chief Executive Officer of CPRC specifies otherwise, if an Eligible Executive receives or gives notice of termination of employment following the date of a grant of Matching DSUs and prior to 36 months following such date of grant or; for Eligible Executives participating in the plan prior to September 6, 2012, if prior to 36 months following such date of grant the Eligible Executive disposes of the Shares to which such grant of Matching DSUs relates, the Eligible Executive shall forfeit all rights, title and interest with respect to such Matching DSUs.

3.5.4 Notwithstanding any other provision of this Plan, all Discretionary DSUs and Matching DSUs recorded in an Eligible Executive's Account, including for greater certainty any additional

Discretionary DSUs, granted pursuant to Section 3.6, shall vest immediately and shall not be considered forfeited under this Section 3.5 upon the earliest of the Eligible Executive's death, a the Eligible Executive's Disability Date, and the termination of the Plan in accordance with Section 5.4.

In the event of a Change in Control prior to the Vesting Date relating to Discretionary DSUs and Matching DSUs, such DSUs shall not be affected and shall continue to vest as per the terms hereof, unless an Eligible Employee ceases to be Employed by reason of termination of employment without Cause after such a Change in Control, in which case 100% of such Eligible DSUs (including any dividend equivalent) shall vest on the termination of employment date.

3.5.5 Except where the context requires otherwise, each Bonus DSU, Discretionary DSU, and Matching DSU which is vested pursuant to this Section 3.5 shall be referred to herein as a "Vested DSU" and collectively as "Vested DSUs".

3.6 Dividend Equivalents

On the payment date for dividends paid on Shares, an Eligible Executive shall be credited with dividend equivalents in respect of Bonus DSUs, Discretionary DSUs and Matching DSUs, as applicable, credited to the Eligible Executive's Account as of the record date for payment of dividends. Such dividend equivalents shall be converted into additional DSUs, as applicable, corresponding to the Bonus DSUs, Matching DSUs and Discretionary DSUs, then credited to the Eligible Executive's Account (including fractions thereof) based on the Fair Market Value on the date such dividend equivalents are credited.

3.7 Eligible Executives' Accounts

CPRC shall maintain or cause to be maintained in its books an account for each Eligible Executive ("Account") recording at all times the number of DSUs standing to the credit of the Eligible Executive. Upon payment in satisfaction of Vested DSUs credited to an Eligible Executive in the manner described herein, such Vested DSUs shall be cancelled. Upon forfeiture of Discretionary DSUs or Matching DSUs pursuant to Section 3.5, such Discretionary DSUs or Matching DSUs, as applicable, recorded in the Eligible Executive's Account shall be cancelled.
.

3.8 Adjustments and Reorganizations

3.8.1 In the event of any stock dividend, stock split, combination or exchange of Shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Company's assets to shareholders, or any other change in the capital of the Company affecting the Shares, such proportionate adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change, shall be made with respect to the number of Bonus DSUs, Discretionary DSUs and Matching DSUs outstanding under the Plan.

3.8.2 Notwithstanding any other provision of the Plan, the value of each DSU, as applicable, shall always depend on the value of Shares of the Company or a Related Corporation.

Section 4 Termination of Service

4.1 Redemption of Vested DSUs

Subject to Sections 4.2, 4.3 and 4.5, an Eligible Executive may elect the date as of which the DSUs credited to the Eligible Executive's Account that are Vested DSUs shall be redeemed (the "Entitlement Date") by filing an irrevocable written election with CPRC no later than November 15 of the calendar year commencing immediately after the Eligible Executive's Termination Date. The Fair Market Value of the DSUs credited to the Eligible Executive's Account as at the Entitlement Date, as may be adjusted pursuant to Section 4.3 or Section 4.5, shall be redeemable by and payable to the Eligible Executive or the Eligible Executive's Beneficiary, as applicable provided such DSUs are Vested DSUs. The Fair Market Value of the DSUs redeemed by or in respect of an Eligible Executive shall, after deduction of any applicable taxes and other source deductions required to be withheld, be paid by the Company or CPRC as a lump sum in cash to the Eligible Executive or the Eligible Executive's Beneficiary, as applicable as soon as practicable after the Eligible Executive's Entitlement Date.

4.2 Determination of Entitlement Date

4.2.1 The Entitlement Date elected by an Eligible Executive (including a U.S. Eligible Executive) pursuant to Section 4.1 with respect to Pre-2005 DSUs shall not be before the later of the date on which such election is filed with CPRC and 30 days after the Eligible Executive's Termination Date and shall not be later than December 15 of the calendar year commencing immediately after the Eligible Executive's Termination Date. The Entitlement Date elected by an Eligible Executive (other than a U.S. Eligible Executive) pursuant to Section 4.1 with respect to Post-2004 DSUs shall not be before the later of the date on which such election is filed with CPRC and six months after the Eligible Executive's Termination Date and shall not be later than December 15 of the calendar year commencing immediately after the Eligible Executive's Termination Date. Where an Eligible Executive does not elect a date within the permissible period set out above as his Entitlement Date, the Entitlement Date for such Eligible Executive shall be December 15 of the calendar year commencing immediately after the Eligible Executive's Termination Date.

4.2.2 Notwithstanding Section 4.2.1, where an Eligible Executive elects an Entitlement Date under Section 4.1 for Pre-2005 DSUs that is earlier than the date that is six months after the Eligible Executive's Termination Date the Entitlement Date for any Post-2004 DSUs credited to such Eligible Executive's Account shall be date that is six months after the Eligible Executive's Termination Date.

4.2.3 Notwithstanding any other provision of this Plan, the Entitlement Date of a U.S. Eligible Executive with respect to Post-2004 DSUs shall be the date that is six months after the U.S. Eligible Executive's Termination Date.

4.3 In the event that an Eligible Executive's Entitlement Date falls between the record date for a dividend on the Shares and the related dividend payment date then, notwithstanding Section 4.1, the redemption of the dividend equivalents shall be deferred until the day immediately following such dividend (or as soon as practicable thereafter) but in the case of a U.S. Eligible Executives

not later than the last day of the calendar year in which the Entitlement Date occurs Such dividend equivalents will be redeemed at the same Fair Market Value determined on the elected entitlement date.

4.4 Limitation on Extension of Entitlement Date

Notwithstanding any other provision of the Plan, all amounts payable to, or in respect of, an Eligible Executive hereunder shall be paid on or before December 31 of the calendar year commencing immediately after the Eligible Executive's Termination Date.

4.5 Postponed Entitlement Date

Without limiting the generality of Section 5.5 and notwithstanding any other provision of the Plan other than Section 4.2.3, if in the opinion of the Committee, an Eligible Executive is in possession of material undisclosed information regarding either or both of the Company and the Shares on his Entitlement Date, which in the case of U.S. Eligible Executives would prohibit the receipt of a payment under the Plan under U.S. federal securities laws, such Eligible Executive's Entitlement Date shall be postponed until the earliest of the date on which (i) the Committee is satisfied the Eligible Executive is no longer in possession of any such material undisclosed information, or (ii) December 15 of the year following the year of the Eligible Executive's Termination Date.

Section 5 General

5.1 Unfunded Plan

Unless otherwise determined by the Committee, the Plan shall be unfunded. To the extent any individual holds any rights by virtue of an election under the Plan, such rights (unless otherwise determined by the Committee) shall be no greater than the rights of an unsecured general creditor of CPRC.

5.2 Successors and Assigns

The Plan shall be binding on all successors and assigns of the Company, CPRC and an Eligible Executive, including without limitation, the estate of such Eligible Executive and the legal representative of such estate, or any receiver or trustee in bankruptcy or representative of the Company's or CPRC's or the Eligible Executive's creditors.

5.3 Plan Amendment

The Board may amend the Plan as it deems necessary or appropriate, but no such amendment shall, without the consent of the Eligible Executive or unless required by law, adversely affect the rights of an Eligible Executive with respect to Bonus DSUs, Discretionary DSUs, Matching DSUs and Performance DSUs to which the Eligible Executive is then entitled under the Plan. Notwithstanding the foregoing, an amendment of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada) or any successor to such provision. For avoidance of doubt, the Board may

amend the Plan without the consent of any Eligible Executive so as to comply with the requirements of Section 409A of the Internal Revenue Code.

5.4 Plan Termination

The Board may terminate the Plan at any time, but no such termination shall, without the consent of the Eligible Executive or unless required by law, adversely affect the rights of an Eligible Executive with respect to Bonus DSUs, Discretionary DSUs, Matching DSUs and Performance DSUs to which the Eligible Executive is then entitled under the Plan. Notwithstanding the foregoing, termination of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the *Income Tax Act (Canada)* or any successor to such provision.

5.5 Applicable Trading Policies

The Committee and each Eligible Executive will ensure that all actions taken and decisions made by the Committee or an Eligible Executive, as the case may be, pursuant to the Plan, comply with applicable securities regulations and policies of the Company relating to insider trading and "black out" periods.

5.6 Currency

All payments and benefits under the Plan in respect of Eligible Executives who are residents of Canada for purposes of the Income Tax Act (Canada) shall be determined and paid in the lawful currency of Canada. All payments and benefits under the Plan in respect of Eligible Executives who are not residents of Canada for purposes of the Income Tax Act (Canada) shall be determined and paid in the lawful currency of the United States of America.

5.7 Designation of Beneficiary

Subject to the requirements of applicable laws, an Eligible Executive shall designate in writing a person who is a dependant or relation of the Eligible Executive as a beneficiary to receive any benefits that are payable under the Plan upon the death of such Eligible Executive. The Eligible Executive may, subject to applicable laws, change such designation from time to time. Such designation or change shall be in such form and executed and filed in such manner as the Committee may from time to time determine.

5.8 Death of Participant

In the event of an Eligible Executive's death, any and all Bonus DSUs, Discretionary DSUs, Matching DSUs and Performance DSUs then credited to the Eligible Executive's Account shall become payable to the Eligible Executive's Beneficiary in accordance with Section 4.

5.9 Rights of Participants

5.9.1 Except as specifically set out in the Plan, no employee of the Company, or any Related Corporation, including any Eligible Executive, or other person shall have any claim or right to

any Shares or other benefit in respect of Bonus DSUs, Discretionary DSUs, Matching DSUs or Performance DSUs granted pursuant to the Plan.

5.9.2 Rights of Eligible Executives respecting Bonus DSUs, Discretionary DSUs, Matching DSUs or Performance DSUs shall not be transferable or assignable other than by will or the laws of descent and distribution.

5.9.3 Neither the Plan nor any award thereunder shall be construed as granting an Eligible Executive a right to be retained in employment or a claim or right to any future grants of Bonus DSUs, Discretionary DSUs, Matching DSUs or Performance DSUs. Neither the Plan nor any action taken thereunder shall interfere with the right of an Employer to terminate the employment of an Eligible Executive at any time. For greater certainty, a period of notice, if any, or payment in lieu thereof, upon termination of employment, wrongful or otherwise, shall not be considered as extending the period of employment for the purposes of the Plan.

5.9.4 Under no circumstances shall Bonus DSUs, Discretionary DSUs, Matching DSUs or Performance DSUs be considered Shares nor shall they entitle any Eligible Executive or other person to exercise voting rights or any other rights attaching to the ownership of Shares, nor shall any Eligible Executive or other person be considered the owner of Shares by virtue of this Plan.

5.10 Compliance with Law

The Eligible Executive shall comply with all applicable laws and furnish the Company with any and all information and undertakings as may be required to ensure compliance therewith.

5.11 Withholding

An Employer shall be entitled to deduct any amount of withholding taxes and other withholdings from any amount paid or credited hereunder.

September 6, 2012

/s/ Peter Edwards
Peter Edwards
Vice-President, Human Resources and Industrial Relations
Canadian Pacific Railway Company

Exhibit 10.10

CANADIAN PACIFIC RAILWAY LIMITED

EMPLOYEE SHARE PURCHASE PLAN (CANADA)

Plan Terms and Conditions

July 1, 2006

Table Of Contents

Section 1 — Definitions

For the purpose of the Plan:

"Account" means any real or notional account held in the name of a Participant by the Plan Administrator recording Shares purchased with Participant Contributions or Company Contributions.

"Administrative Agreement" means any agreement or agreements executed from time to time between CPR and the Plan Administrator.

"Affiliate" means any affiliate of CPR designated by CPR for the purposes of the Plan.

"Asset Fund" means the assets of the Plan held by the Plan Administrator, consisting of Participant Contributions, Company Contributions, the Shares and any dividends, interest, or gains derived therefrom, as more fully set out in Section 6.

"Basic Administration Expenses", as determined in CPR's sole discretion, may include, but shall not be limited to, the establishment and tracking of Accounts, payroll deductions, quarterly statements, ancillary administration costs and any brokerage fees applicable to the purchase of Shares.

"Board" means the Board of Directors of CPR as constituted from time to time.

"Business Day" means a day on which the Stock Exchange is open for business in Canada.

"CPR" means Canadian Pacific Railway Limited and its majority owned subsidiaries who adopt this Plan. Any reference herein to any action to be taken by CPR means action by or under the authority of the Board.

"Company Contributions" means contributions made to the Plan by CPR or an Affiliate pursuant to Section 5.

"Continuous Service" means an uninterrupted period of continuous employment by an Eligible Employee as determined by the rules of CPR in effect from time to time. An Eligible Employee's Continuous Service shall not be considered interrupted by CPR-approved leaves of absence or periods in which an Eligible Employee is on furlough, spare board or is laid-off with recall rights (until the recall period has expired).

"Eligible Bargaining Unit" means any bargaining unit participating in the Plan.

"Eligible Bargaining Unit Representative" means a full-time representative of an Eligible Bargaining Unit on leave from CPR with the right to return to work for CPR.

"Eligible Earnings" means the regular base pay of an employee paid through the CPR or Affiliate payroll system for the relevant period, excluding overtime, bonus, and other special or one-time payments received in that period as determined by CPR in accordance with its regular practices in effect; and means deemed earnings (excluding bonus or subsidies) for Eligible Bargaining Unit Representatives as determined by CPR in accordance with its regular practices in effect from time to time.

"Eligible Employee" means each CPR employee in Canada who:

i) is a regular full-time or part time non-union employee; or

ii) is a regular full-time, part time or seasonal employee in an Eligible Bargaining Unit; or

iii) is an Eligible Bargaining Unit Representative;

and

iv) is in receipt of Eligible Earnings; and

v) has reached the age of majority under the laws applicable to such employee; and

vi) is in the Continuous Service of CPR, or an Affiliate, and has been designated as eligible to participate in the Plan and such designation has not been revoked;

but does not include:

vii) any employee in respect of whom a decision to cease employment has been made; or

viii) any individual whose services have been engaged by CPR on a temporary basis and who is not eligible to participate in other CPR benefit programs (including but not limited to consultants, casual, students or fixed term employees); or

ix) any employees on bridging, education leave under a job/income security agreement, or employment security.

"Enrolment/Change Form" means the enrolment/change form in such form as may be determined by CPR from time to time.

"Legal Representative" means executor or executrix appointed under a deceased's will or Court- appointed administrator or trustee of a deceased's estate.

"Market Price" means, for purchases and sales of Shares, the prices at which Shares are purchased or sold on the relevant day on the Stock Exchange.

"Participant" means a person who is an Eligible Employee, who has elected to participate in the Plan and who makes contributions to the Plan from Eligible Earnings pursuant to Section 4 herein.

"Participant Contributions" means contributions made to the Plan by Participants pursuant to Section 4 herein.

"Pay Period" means a Participant's pay period as defined within the CPR pay system (i.e. weekly, biweekly, semi-monthly, monthly, etc.).

"Plan" means this employee share purchase plan, as it may be amended from time to time, and which is intended to constitute an employee profit sharing plan as defined under Section 144 of the Income Tax Act (Canada) or any successor provision.

"Plan Administrator" means such trust company or companies and/or other corporations appointed by CPR from time to time to administer the Plan on behalf of CPR.

“Plan Reserve” means that portion of the Asset Fund consisting of unallocated Company Contributions; interest earned on contributed funds; and forfeited Shares or any resultant proceeds from sale of forfeited Shares, which proceeds shall be for the benefit of CPR. Plan Reserve does not include Participant Contributions or dividends payable on Shares.

“Plan Year” means the period of twelve calendar months commencing on January 1 and ending on December 31 of each year, or such other period as may be determined by CPR.

“Profits” means current profits, retained earnings, and any other amount of or in respect of CPR or an Affiliate considered to constitute profits for purposes of subsection 144(10) of the Income Tax Act (Canada) or any successor provision.

“Restricted Shares” means Shares in a Participant’s Account purchased with Participant Contributions at any time within the previous four (4) consecutive full calendar quarters and for which the contingent Unvested Shares purchased with Company Contributions have not vested in accordance with Paragraph 8.4.

“Retirement” means the cessation of employment at a time when the Participant is entitled to an immediate unreduced pension in accordance with the provisions of the Defined Benefit option of the Canadian Pacific Railway Company Pension Plan (the "CPR Pension Plan"); and further provided that if the Participant does not participate in the CPR Pension Plan, the Participant shall be deemed to have retired if at the time of cessation of the Participant's employment, the Participant would have been entitled to an immediate unreduced pension under the provisions of the Defined Benefit option of the CPR Pension Plan if that Participant had otherwise participated in the CPR Pension Plan and if all of the service of that Participant with CPR (and predecessor employers with respect to which CPR recognizes service for any purpose under a pension plan that covers that Participant) had been deemed to constitute "Service" (as that term is defined in the CPR Pension Plan) in respect of which all contributions had been made under the CPR Pension Plan. For Eligible Bargaining Unit Representatives, service as a bargaining unit representative during the period of time that the Eligible Bargaining Unit Representative is on leave from CPR with the right to return to CPR shall be treated as Union Service under the CPR Pension Plan for purposes of determining an Eligible Bargaining Unit Representative's right to an unreduced pension under the Defined Benefit option of the CPR Pension Plan.

“Shares” means CPR common shares previously issued and traded through the facilities of the Stock Exchange. This term may also be extended to mean either Restricted Shares and/or Unvested Shares, as applicable, for purposes of describing the purchase of such shares in accordance with the Plan.

“Stock Exchange” means the Toronto Stock Exchange, or such other stock exchange in Canada on which the Shares are listed and posted for trading.

“Unrestricted Shares” mean the Shares in a Participant’s Account that are not Unvested Shares or Restricted Shares.

"Unvested Shares" means Shares in a Participant's Account purchased with Company Contributions at any time during the previous four (4) consecutive full calendar quarters, except in the circumstances described in Section 9.

"Withdrawal/Termination Form" means the withdrawal/termination form in such form as may be determined by CPR from time to time.

Section 2 — Establishment of the Plan

2.1 Purpose

The purpose of this Plan is to provide Eligible Employees with an opportunity to participate in the ownership of CPR on an on-going basis through purchases of Shares. The Plan shall operate as an employee profit sharing plan as defined in Section 144 of the Income Tax Act (Canada) or any successor provision.

2.2 Effective date of the Plan

The effective date of the Plan, which was amended and restated as of July 1, 2006, is October 1, 2001.

2.3 Government Regulations

The terms and conditions of this Plan, including the acquisition, sale and delivery of Shares, are subject to compliance with all applicable laws, regulatory requirements and approvals.

Section 3 — Participation and Enrolment

Eligible Employees may elect to enrol as Participants in the Plan in any calendar month in which they are eligible. To enrol, the Eligible Employee must complete and deliver to the Plan Administrator an Enrolment/Change Form. Enrolment in the Plan will be effected as soon as practicable once the completed Enrolment/Change Form is received and processed by both the Plan Administrator and CPR. Delivery of a duly executed Enrolment/Change Form shall constitute acceptance by the Eligible Employee of all the terms and conditions of the Plan as set forth herein and of any regulations adopted or to be adopted pursuant to Section 11 herein.

The Plan Administrator will send a written letter of confirmation of enrolment to the Participant where applicable as soon as practicable.

Participation in the Plan is voluntary. CPR is not making any representations or warranties as to the value of Shares at any time, nor recommending to employees as to whether or not they should participate in the Plan. Employees considering participation in the Plan should consult their own accountant, legal counsel or other financial advisors regarding participation in the Plan.

Section 4 — Participant Contributions to the Plan

4.1 Amount of Contributions

Participants may contribute, via payroll deductions, a percentage of their Eligible Earnings ranging from a minimum of one per cent (1%) to a maximum of ten per cent (10%) (based on whole percentages) for investment under the Plan. The Participant shall indicate the percentage amount of Participant Contributions on the Enrolment/Change Form. Participant Contributions up to six percent (6%) of Eligible Earnings shall be eligible for Company Contribution pursuant to Paragraph 5.1.

In the event that the Eligible Earnings of a Participant vary at any time in the course of a Plan Year, the Participant Contributions of such Participant shall be automatically adjusted accordingly in order to remain equal to the selected percentage of the Participant's Eligible Earnings as set out in the Enrolment/ Change Form.

4.2 Payroll Deductions

Each Participant shall make Participant Contributions to the Plan by regularly scheduled payroll deductions at the end of each Pay Period for the percentage indicated on the Enrolment/Change Form. The Participant Contributions in any given Plan Year shall be made on the basis of the year of receipt of the Eligible Earnings from which such Participant Contributions are deducted. Payroll deductions shall commence as soon as practicable once the completed Enrolment/Change Form is received and processed by both the Plan Administrator and CPR.

4.3 Continuing Contributions

With the exception of a Participant's voluntary suspension of Participant Contributions as provided for in Paragraph 4.8, Participant Contributions via payroll deductions shall continue indefinitely while the Participant continues to receive Eligible Earnings. Should a Participant cease to receive Eligible Earnings from time to time, payroll deductions will cease and shall resume following the receipt of Eligible Earnings.

4.4 Union Representative Participant Contributions

In the case of Eligible Bargaining Unit Representatives where contributions via payroll deductions are not possible, contributions may be made via post-dated cheques provided to CPR, subject to the provisions of Paragraph 4.1. Contributions by this method may be made only on a monthly basis. Upon request, CPR shall notify Eligible Bargaining Unit Representatives of the amount of Eligible Earnings available for determination of contribution amounts and CPR will bring all such Eligible Bargaining Unit Representatives to the Plan Administrator's attention.

4.5 No Retroactive Contributions

A Participant may not make retroactive Participant Contributions to the Plan, unless CPR determines otherwise.

4.6 No Lump Sum Contributions

A Participant may not make lump sum Participant Contributions to the Plan, unless CPR determines otherwise.

4.7 Changes to a Participant's Contribution Level

A Participant may change contribution levels, in whole percentages, once per calendar quarter by providing to the Plan Administrator an Enrolment/Change Form indicating the desired change no later than two (2) weeks. prior to the last day of that quarter. The change will be implemented as soon as practicable once the completed Enrolment/Change Form is received and processed by both the Plan Administrator and CPR at which time the Participant Contributions shall be adjusted accordingly, provided such adjustment conforms with Paragraph 4.1.

4.8 Voluntary Suspension of Contributions

A Participant may at any time, by completing and delivering to the Plan Administrator an Enrolment/Change Form, request that Participant Contributions be suspended. The suspension will be implemented as soon as practicable once the completed Enrolment/Change Form is received and processed by both the Plan Administrator and CPR. However, in the event of a suspension under this Paragraph 4.8, the Participant shall not be allowed to resume making Participant Contributions until a waiting period of six (6) consecutive months has passed. Upon expiration of the six (6) month waiting period the Participant will have the option of resuming Participant Contributions by completing and delivering to the Plan Administrator a new Enrolment/Change Form. Participant Contributions shall resume as soon as practicable once the completed Enrolment/Change Form is received and processed by both the Plan Administrator and CPR at which time the Participant Contributions shall be adjusted accordingly, provided such adjustment conforms with Paragraph 4.1. If the voluntary suspension exceeds a period of four (4) consecutive full calendar quarters, CPR shall terminate the participation in the Plan of the Participant in accordance with the provisions of Paragraph 9.2.

4.9 Leaves of Absence

Subject to Paragraphs 4.1 and 4.3, a Participant shall continue to make Participant Contributions during any leave of absence for which the Participant continues to receive Eligible Earnings unless such Participant has completed and delivered to the Plan Administrator an Enrolment/Change Form indicating a desire to suspend Participant Contributions, during the period of such absence, in which event Paragraph 4.8 shall become applicable where appropriate and with the necessary changes.

If at any time prior to or during such leave of absence the Participant ceases to receive Eligible Earnings the Participant Contributions of the Participant will cease and shall resume following the receipt of Eligible Earnings. Should the cessation of contributions under this Paragraph 4.9 extend for a period exceeding four (4) consecutive full calendar quarters, the provisions of Paragraph 9.2 shall apply.

4.10 Remittance of Participant Contributions

Participant Contributions withheld through payroll deduction by CPR and Affiliates in each Pay Period shall be remitted by CPR and Affiliates to the Plan Administrator as soon as practicable but not later than the fifth (5) Business Day following the date such withholding is effected. Participant Contributions described in Paragraph 4.4 shall be remitted by CPR to the Plan Administrator no later than the fifth (5) Business Day following the date of the post-dated cheque. All Participant Contributions remitted to the Plan Administrator shall be invested solely in Restricted Shares.

4.11 Continued Participation in Plan

During any suspension of Participant Contributions under Section 4 a Participant shall remain eligible to receive Company Contributions earned prior to such suspension of Participant Contributions.

Section 5 — Company Contributions to the Plan

5.1 Company Contributions

In any month during which a Participant has made Participant Contributions, CPR shall remit to the Plan Administrator, in accordance with the provisions of Paragraph 4.10, a Company Contribution out of Profits. Such Company Contribution shall be equal to thirty-three (33%) per cent of the amount of any Participant Contributions being remitted during such period up to six per cent (6%) of Eligible Earnings. For greater certainty, Participant Contributions in excess of six per cent (6%) of Eligible Earnings shall not be eligible for corresponding Company Contribution.

The vesting of any Shares purchased with such Company Contributions is contingent upon holding the corresponding Restricted Shares within the Participant Account during the vesting period in accordance with Paragraph 8.4. Actual Company Contributions may be reduced from time to time by the value of forfeited Shares in the Plan Reserve. Shares purchased with Participant Contributions in excess of six per cent (6%) of Eligible Earnings shall be deemed to be Unrestricted Shares.

5.2 Minimum Company Contributions

Notwithstanding Paragraphs 5.1 and the amount of any Participant Contributions, the aggregate amount of Company Contributions out of Profits during any Plan Year shall not be less than the amount of $100 times the total number of Participants in the Plan at the end of that Plan Year.

5.3 Use of Funds

All Company Contributions shall be invested solely in Unvested Shares.

5.4 Compliance with Income Tax Act (Canada)

Company Contributions as specified in this Section 5 shall be made in accordance with subsection 144(10) of the Income Tax Act (Canada) or any successor provision.

Section 6 – Asset Fund

6.1 Assets of the Asset Fund

The Plan Administrator shall receive from CPR, or its Affiliates, the Participant Contributions of all the Participants made in accordance with Section 4 and the Company Contributions made to the Plan in accordance with Section 5. Participant Contributions, Company Contributions, and the Shares acquired therewith and any dividends thereon, from the date of receipt by the Plan Administrator, shall constitute the Asset Fund of the Plan and shall be held, invested, managed, administered and dealt with by the Plan Administrator pursuant to the terms of the Plan.

6.2 Allocations to Participant Accounts

The Plan Administrator shall maintain a separate Account for each Participant. The Plan Administrator shall credit to the Account of a Participant all Company Contributions made for the benefit of the said Participant, all Participant Contributions made by such Participant, and all Shares acquired therewith. The Plan Administrator shall allocate either absolutely or contingently to each Participant all capital gains realized, and capital losses sustained by the Asset Fund on their Account at such time or times as the Plan Administrator may determine, but in any event, at least annually. The Plan Administrator shall credit to the Plan Reserve all Unvested Shares forfeited by Participants in accordance with Paragraph 8.5.

Section 7 — Investment

7.1 Acquisition of Shares with Participant Contributions

The Plan Administrator shall use Participant Contributions eligible for Company Contribution to purchase Restricted Shares and shall use Participant Contributions not eligible for Company Contribution to purchase Unrestricted Shares, only on the open market through the Stock Exchange.

The Plan Administrator will purchase the requisite number of Restricted Shares and Unrestricted Shares as soon as practicable, as determined by the Plan Administrator, but in no circumstances less than once per calendar month or any other such period as required by securities legislation, stock exchange rules, or other relevant rules. The Plan Administrator will allocate the Restricted Shares and Unrestricted Shares to the appropriate Participant Accounts after each purchase.

7.2 Acquisition of Unvested Shares

The Plan Administrator shall use Company Contributions to purchase Unvested Shares on the open market through the Stock Exchange. The Plan Administrator will purchase the requisite number of Unvested Shares as soon as practicable, as determined by the Plan Administrator, but in no circumstances less than once per calendar month or any other such period as required by securities legislation, Stock Exchange rules, or other relevant rules.

7.3 Number of Shares Purchased

The number of Restricted Shares, Unrestricted Shares and Unvested Shares purchased depends upon the Market Price of the Shares at the time purchases are made and the total amount of contributed funds available for each of the respective purchases. To the extent set forth in Section 10.6, CPR will be responsible for the payment of all brokerage commissions or similar fees incurred in connection with such purchases.

Notwithstanding the provisions of Paragraphs 7.1 and 7.2 and Section 8, the Plan Administrator, in its discretion, may limit the daily volume of its purchases of Shares and sales of Shares or make such purchases and sales over several trading days to the extent that such action is deemed by it to be in the best interests of Participants. Should the purchase or sale of Shares by the Plan Administrator in any given month be at various prices, the Plan Administrator shall establish an average weighted purchase or sale price, as the case may be, applicable for each Share in the relevant month.

7.4 Registration of Shares

At the time of purchase, all Participants shall acquire beneficial ownership of all Restricted Shares and Unrestricted Shares and of any fractional interest in Restricted Shares and Unrestricted Shares acquired for their Account. Notwithstanding any other provisions of this Plan, no fractional common share certificates will be issued.

All Shares purchased by the Plan Administrator on behalf of a Participant pursuant to this Plan shall be registered in the name of the Plan Administrator, on behalf of such Participant. Provided Unvested Shares have not been forfeited pursuant to Paragraph 8.5 and are governed by the provisions of the Plan, they shall be held by the Plan Administrator on behalf of Participants. All rights and privileges, however, with respect to Shares, including voting rights, shall be exercised by Participants through the Plan Administrator, and any dividends shall be credited to Participant Accounts.

7.5 Allocation of Shares

Allocations of Restricted Shares and Unrestricted Shares shall be made to each Participant’s Account in proportion to the contributions received in respect of such Participant. Allocations shall be made in whole and fractional Shares. Restricted Shares and Unrestricted Shares purchased with Participant Contributions shall be held for the Account of Participants. Participants shall not be allowed under any circumstance to withdraw a fraction of a Share. The value of any such fractional Share will be paid in cash.

7.6 Dividends

In the event a cash dividend is paid to holders of Shares, the net amount of such cash dividend attributable to Shares allocated to Plan Accounts, including any Unvested Shares, shall be applied to purchase Unrestricted Shares for the benefit of Participants. The net amount of the cash dividend that is available for the purchase of Shares shall be determined after deduction from the gross amount of the cash dividend of such amount of income and employment tax (if any) as is required to be withheld in accordance with applicable law (including foreign law) to the extent applicable to the Participant in question.

Each Participant shall receive quarterly confirmation from the Plan Administrator, which will include all changes, if any, in the amount of common shares held for the Participant's Account.

7.7 Interest

All Participant Contributions and Company Contributions remitted to the Plan Administrator shall, prior to the acquisition of Restricted Shares, Unrestricted Shares or Unvested Shares, earn interest. Any such interest earned on contributions between the time of receipt, by the Plan Administrator, and their subsequent investment in Shares shall be applied to offset Basic Administration Expenses, to the extent possible, in accordance with all applicable laws and regulations.

7.8 Shares acquired at end of Plan Year

All purchases of Shares with Participant Contributions or Company Contributions made prior to or on the last day of the Plan Year shall be allocated to the Participant in respect of such Plan Year regardless of actual settlement date of such purchase.

Section 8 — Withdrawals/Sales of Shares

8.1 Sale of Shares

Upon completion and delivery to the Plan Administrator of a completed Withdrawal/Termination Form, a Participant may direct the Plan Administrator to sell some or all of the Unrestricted Shares or Restricted Shares in their Account. Upon such sale, the Plan Administrator shall pay to the Participant an amount equal to the net proceeds from the sale of such Shares. Any fees applicable to the sale of Shares shall be paid by Participants and withheld from settlement of the sale by the Plan Administrator.

For the purpose of the Plan, a Participant shall be deemed to sell all Unrestricted Shares in the Account prior to the sale of Restricted Shares in the Account. For purposes of the Plan, Restricted Shares shall be deemed to be sold on a "first in, first out" basis for purposes of determining forfeiture of Unvested Shares in accordance with Paragraph 8.5.

The price of fractional Shares will be the same as the price of whole Shares. Fractional Shares may only be sold by a Participant upon termination of participation in the Plan.

8.2 Withdrawal of Shares

Upon completion and delivery to the Plan Administrator of a completed Withdrawal/Termination Form, a Participant may direct the Plan Administrator to withdraw some or all of the Unrestricted Shares and/or Restricted Shares in the Account. Upon such withdrawal, the Plan Administrator shall transfer title and deliver to the Participant those Shares that have been withdrawn at the Participant's direction. Any fees applicable to the withdrawal of Shares shall be payable by the Participant and withheld from settlement by the Plan Administrator.

For the purpose of the Plan, a Participant shall be deemed to withdraw the Unrestricted Shares in the Account prior to the withdrawal of Restricted Shares in the Account. For purposes of the Plan, Restricted Shares shall be deemed to be withdrawn on a “first in, first out” basis for purposes of determining forfeiture of Unvested Shares in accordance with Paragraph 8.5. The price of fractional Shares will be the same as the price of whole Shares. Fractional Shares may only be withdrawn by a Participant upon termination of participation in the Plan.

8.3 Restriction on Sale and Withdrawal

A Participant may not direct the Plan Administrator to sell or withdraw any Unvested Shares. In the event a Participant sells or withdraws any Restricted Shares, the Participant shall forfeit all Unvested Shares contingent on such Restricted Shares in accordance with Paragraph 8.5.

Should a Participant make more than two (2) transactions being either a sale or withdrawal during a Plan Year such Participant shall be suspended from contributing to the Plan for a period of six (6) consecutive months from the date of such transaction, provided that the foregoing restriction shall not apply to Unrestricted Shares for which there were no corresponding Unvested Shares purchased with a Company Contribution. For greater certainty, any Unrestricted Shares purchased on behalf of a participant with Participant Contributions in excess of six per cent (6%) of Eligible Earnings may be sold or withdrawn by the Participant at any time without suspension of Participant from contributing to the Plan.

The Participant shall have the option of resuming Participant Contributions in accordance with the provisions of Paragraph 4.8 as if the suspension were deemed to be a voluntary suspension.

8.4 Vesting of Unvested Shares

All Unvested Shares shall immediately vest to become Unrestricted Shares on the first day of the calendar quarter after a holding period of four (4) consecutive full calendar quarters has passed subsequent to their purchase provided that the corresponding Restricted Shares upon which the Unvested Shares are contingent have, at all times during this period, been held for the Account of the Participant. Upon vesting of Unvested Shares all Restricted Shares upon which such Unvested Shares were contingent shall immediately become Unrestricted Shares.

8.5 Forfeiture of Unvested Shares

In the event a Participant chooses to sell or withdraw any Restricted Shares, such Participant shall forfeit all Unvested Shares contingent on such Restricted Shares and shall not be entitled to title to, or any proceeds of, such sale. Such Unvested Shares shall be credited to the Plan Reserve and may be utilized to satisfy future Company Contributions.

8.6 Compliance with Securities Laws

Any sale, withdrawal or other transfer of Shares pursuant to the Plan may only be made in compliance with applicable securities laws and Stock Exchange rules.

Section 9 –Termination of Participation in the Plan

9.1 Voluntary Termination of Participation

Participants may, at their discretion, terminate their participation in the Plan at any time by providing to the Plan Administrator a Termination/Withdrawal Form. The termination will be implemented as soon as practicable once the completed Termination/Withdrawal Form is received and processed by both the Plan Administrator and CPR. Upon such termination the Participant's Account will be closed by the Plan Administrator in accordance with the provisions of Paragraph 9.3.

9.2 Automatic Termination

The Plan Administrator shall, on behalf of CPR, terminate the participation in the Plan of any Participant who has had nil (zero) balances or has not made any Participant Contributions for a consecutive period exceeding four (4) consecutive full calendar quarters unless stated otherwise. The Plan Administrator shall monitor Participants who have not made contributions for such period and will, on behalf of CPR, terminate the participation in the Plan of such Participants. In the event of such termination the closure of the Participant's Account shall be handled in accordance with the provisions of Paragraph 9.3.

Dividends received within the period as a result of Share holdings within the Account do not qualify as contributions for the purposes of determining inactivity.

9.3 Account Closure Upon Termination

Upon the termination of a Participant's participation in the Plan for any reason the Plan Administrator will effect the closure of the Participant's Account and shall either transfer and deliver or sell all of the Unrestricted Shares and Restricted Shares in the Participant's Account, at the option of the Participant, or Legal Representative in the event of death of the Participant. The transfer and delivery of the Shares or payment of the net proceeds of sale, as the case may be, shall be effected as soon as practicable but in no event later than thirty (30) days from the date the Plan Administrator receives notification of such termination. Any fees applicable to the issuance of share certificates or the sale transaction will be payable by the Participant, or the Participant's estate in the event of death of the Participant and shall be withheld from settlement by the Plan Administrator.

If the Participant or Legal Representative fails to make an election, or if no Legal Representative comes forward to CPR, within ninety (90) calendar days of the termination of the Participant's participation in the Plan, the Plan Administrator shall issue a share certificate for all whole Shares recorded in such Account, plus a cash payment equal to the value of any fraction of a Share. The Plan Administrator shall send the share certificate and any cash payment to the last known address of such Participant or Legal Representative, as the case may be.

The Participant shall not be entitled to title to, or proceeds of, sale of their Unvested Shares. Such Shares shall be credited to the Plan Reserve and may be utilized to satisfy future Company Contributions.

In the event of a transfer and delivery of Shares, the Plan Administrator will issue a share certificate for all
whole Shares recorded in a Participant's Account, plus a cash payment equal to the value of any fraction of a Share as determined in accordance with the provisions of Paragraph 8.2.

The Plan Administrator shall send a written letter of confirmation of termination from the Plan to the Participant where applicable as soon as practicable.

9.4 Rejoining the Plan

Any former Participant who chooses to re-join the Plan will be subject to a mandatory six (6) month waiting period prior to re-enrolment. The Plan Administrator will keep track of such period and will, on behalf of CPR, re-enrol any former Participant who has completed such waiting period and submits a new Enrolment/Change Form as per Section 3. The re-enrolment of such Participant shall be effected as soon as practicable once the completed Enrolment/Change Form is received and processed by both the Plan Administrator and CPR.

9.5 Resignation or Termination for Cause

In the event that the employment of a Participant is terminated for cause or a Participant resigns, such Participant's participation in the Plan shall be terminated on the termination or resignation date, as the case may be. Upon notification of a termination or resignation the Plan Administrator shall effect the closure of the Participant's Account in accordance with Paragraph 9.3.

9.6 Termination in other circumstances

In the event of the death, Retirement or involuntary termination without cause of a Participant, such Participant's participation in the Plan will be terminated effective on the date of death or the date of retirement or termination, as the case may be. Upon notification of such termination, the Plan Administrator shall effect the closure of the Participant's Account in accordance with Paragraph 9.3 with the exception that all Unvested Shares shall vest immediately and all proceeds or title shall accrue to the benefit of the Participant.

9.7 Company Contributions Upon Certain Terminations

In the event of the death, Retirement or involuntary termination without cause of a Participant, CPR or the relevant Affiliate shall, not later than thirty (30) days following receipt of satisfactory evidence of death, Retirement or involuntary termination without cause remit to the Plan Administrator for the benefit of such Participant, any outstanding Company Contribution in accordance with Sections 5 and 8 and any such Company Contributions previously remitted, but not yet allocated for the benefit of the Participant, shall be immediately so allocated.

Section 10 — Administration of the Plan

10.1 Responsibility for Administration

CPR will be responsible for the administration of the Plan and for the interpretation of its provisions. Where any reference in the Plan is made to any action to be taken, consent, approval or opinion to be given, direction or decision to be exercised or made by CPR, it shall be read as Canadian Pacific Railway Limited acting directly or through its subsidiaries and through their authorized officers or any other person authorized by the Board, where required for the purposes of the Plan.

10.2 Maintenance of Records

The Plan Administrator will maintain records of the Plan Accounts held in the name of each Participant and all transactions with respect to such Plan Accounts, including a record of whole and fractional Shares allocated, the dates of allocation and the price at which such allocations are made and shall hold, for a period mutually agreed upon by CPR and the Plan Administrator, all forms of authorization and designation, as specified by CPR from time to time, submitted by CPR employees.

10.3 Appointment of Plan Administrator

CPR shall appoint (and by their participation in the Plan, Participants authorize CPR to appoint) one or more. Plan Administrators to perform such functions as may be specified in the Administrative Agreement(s). Any reference in the Plan to the purchase or sale of Shares by the Plan Administrator shall be read to include the purchase or sale of Shares effected through such broker(s) or agent(s) as may be appointed by the Plan Administrator from time to time.

10.4 Rules and Procedure

CPR may from time to time adopt rules and procedures in respect of the administration of the Plan, provided that all such rules and procedures shall be consistent with the provisions of the Plan as in effect from time to time. Such rules and procedures may vary for different employees. The rules and procedures shall be binding on all Participants and Eligible Employees in respect of whom such rules and procedures are applicable.

10.5 Delegation of Administrative Responsibilities

CPR may delegate to third parties, including the Plan Administrator, the whole or any part of the administration of the Plan and shall determine the scope of such delegation in its sole discretion. Any decision taken by CPR or its delegate in carrying out responsibilities with respect to the administration of the Plan, including the interpretation or application of any rules or procedures adopted, pursuant to Paragraph 11.1, shall be final and binding on the Participants and their beneficiaries.

10.6 Costs and Expenses

CPR shall pay net Basic Administration Expenses in connection with the operation of the Plan as determined by CPR. Basic Administration Expenses shall be reduced, to the

extent possible, by the amount of any interest earned on contributed funds, prior to their investment in Shares, in accordance with Paragraph 7.7. All fees exclusive of Basic Administration Expenses, including, without limitation, any brokerage or other charges in connection with the sale of Shares, issuance of share certificates or transfer of Shares shall be payable by the Participant in accordance with Section 8. Any fees charged in connection with the Participant's use of the Plan Administrator's service call centre shall be payable by the Participant.

10.7 Participant Statements

Each Participant shall receive from the Plan Administrator a statement at the end of each calendar quarter (or such other times as may be determined by CPR), which statement shall contain such information in respect of such Participant's Plan Accounts as CPR may determine from time to time or as otherwise may be required by law (including foreign law) to the extent applicable to the Participant in question.

Should a Participant request an up-to-date statement of account, such statement may be made available at such other time as may be agreed upon between CPR and the Plan Administrator.

10.8 Reports and Voting Rights

The Plan Administrator shall furnish or cause to be furnished to each Participant who has Shares allocated in any Plan Account a copy of all notices sent to shareholders in respect of shareholder meetings at which the Shares are entitled to be voted and shall request from each such Participant instructions as to the voting at such meeting of the aggregate number of the Participant's whole Shares allocated to the Participant's Account on the record date of such meeting. If the Participant furnishes such instructions to the Plan Administrator on a timely basis, the Plan Administrator shall vote such number of whole Shares in accordance with the instructions of the Participant. If the Participant fails to furnish timely instructions to the Plan Administrator, the Plan Administrator shall not vote the Participant's whole Shares. The Plan Administrator shall not vote any fractional Shares allocated to Participant's Plan Accounts and shall not vote any Shares not allocated to Participant Accounts as of the record date. The Plan Administrator shall keep confidential the voting instructions of the Participants and shall not disclose the same to CPR except to the extent required by law.

Section 11 — Plan Amendment and Termination

11.1 Plan Amendment

CPR reserves the right to amend the Plan, in whole or in part, at any time at its discretion without the consent of Participants, provided that no such amendment shall have the effect of reducing any benefits accrued to any Participant as of the date of amendment.

11.2 Plan Termination

CPR reserves the right to terminate the Plan at any time, in which event Participants' rights will be governed by Paragraph 9.6 as if the Participants' Retirements had all occurred on the date of the termination of the Plan. Any amount remaining in the Plan

Reserve after the Participants have been allocated the amounts required pursuant to Paragraph 9.6 shall revert to CPR.

11.3 Plan Administrator Duties

No amendment, change, or modification shall be made to the Plan that will alter the duties of the Plan Administrator, without CPR's and the Plan Administrator's written consents.

11.4 The Plan Administrator

CPR, as agent for each Participant, may at any time remove the Plan Administrator and appoint a successor or successors to fill any vacancy arising for any reason whatever. The Plan Administrator may, with CPR's written approval, delegate to any corporation authorized to carry on the business of a trust company in Canada, or the US, the duty to maintain records and to furnish statements in connection with all aspects of the Plan. The Plan Administrator shall be indemnified and held harmless by CPR against and from any and all loss, cost, liability or expense resulting from any claim, action, suit or proceeding to which it may be a party or in which it may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by it in any settlement thereof (with CPR's written approval) or paid by it in satisfaction of a judgment in any such action, suit or proceeding against it. The Plan Administrator shall in writing give CPR a reasonable opportunity, at CPR's expense, to handle and defend such action within a time frame to be specified by the Plan Administrator, before the Plan Administrator undertakes to handle and defend such claim, action, suit or proceeding on its own behalf. CPR and the Participants shall be indemnified and held harmless by the Plan Administrator against and from any and all loss, cost, liability or expense resulting from the willful misconduct, negligence or bad faith of the Plan Administrator or of any person (other than CPR) to which the Plan Administrator has delegated any of its duties hereunder.

Section 12 — Market Fluctuation

CPR makes no representations or warranties to Participants with respect to the Plan or the Shares whatsoever. CPR shall not indemnify any Participant under the Plan against loss resulting from fluctuations in the price of Shares. Participants are expressly advised that all Participant Contributions and Company Contributions will be invested in Shares and the value of any Participant's Shares in the Plan will fluctuate as the trading price of the Shares fluctuates.

In seeking the benefits of participation in the Plan, a Participant solely accepts the risk of a decline in the market price of Shares in the Participant's Account.

Section 13 — Income Taxes

CPR and Participants acknowledge that sale of Shares by a Participant may result in income tax consequences including, without limitation, a taxable capital gain, or an allowable capital loss to the Participant under Canadian tax law.

Participants shall be responsible to pay any and all income taxes resulting from participation in the Plan or the sale of Shares, including without limitation:

a) taxes from a capital gain;
b) taxes from the payment and receipt of dividends;
c) taxes from Company Contributions or the payment by CPR of brokerage or other fees where deemed under applicable law to be a taxable benefit to the Participant.

CPR shall have the right to withhold from any payment, including any payment of Eligible Earnings or other earnings, sufficient amounts to cover required withholding and income or employment taxes with respect to the Plan. If a Participant, including an Eligible Bargaining Unit Representative, does not have sufficient earnings available from which CPR can make any required withholdings, CPR may condition the allocation of Unvested Shares to the Account of the Participant on the receipt of the amount required for CPR to meet its withholding obligations, or may instruct the Plan Administrator to reduce the amount otherwise allocated to the Participant (or sell Shares allocated to the Participant on behalf of the Participant) and remit to CPR the amount required to meet CPR's withholding obligation (and any balance to the Participant). The provisions of Paragraphs 8.1 and 8.3 shall govern any sale of Shares pursuant to this Section.

Participants are expressly advised that US and Canadian tax laws are complex and subject to change and each Participant is solely responsible to contact his or her own accountant, legal representative or qualified financial advisor to determine what current effect any applicable tax legislation may have with respect to his or her participation in the Plan or the sale of Shares and to determine any tax consequences.

The Plan Administrator will provide all Participants with all appropriate tax forms and receipts.

Section 14 — No Trading on Undisclosed Information

No Participant shall in any manner participate in the trading of Shares based upon insider or undisclosed material corporate information as prohibited by law. Any trading based on undisclosed material information by Participants may be subject to prosecution and may result in discipline by CPR up to and including termination of a Participant's employment with CPR. Participants should consult the Insider Trading Policy of CPR available from CPR.

Section 15 — General Provisions

15.1 No Additional Rights to Employment

(a) The opportunity to participate in this Plan does not constitute a contract of employment, nor does the existence of a contract of employment between any person and CPR give such person any right or entitlement to participate in the Plan or any expectation that an opportunity to participate in the Plan will be offered to the person subject to any conditions or at all.

(b) The rights and obligations of a Participant under the terms of any contract of employment with CPR shall not be affected by participation in this Plan.

(c) The opportunity to acquire Shares pursuant to the Plan shall not afford a Participant or any Eligible Employee any rights or additional rights to compensation or damages in consequence of the loss or termination of the Participant's office or employment with CPR for any reason whatsoever.

(d) A Participant shall not be entitled to any compensation for damages for any loss or potential loss which they may suffer by reason of being or becoming unable to acquire Shares under the Plan in consequence of the loss or termination of his or her office or employment with CPR for any reason (including, without limitation, any breach of contract by CPR) or in any other circumstances whatsoever.

15.2 Employee Eligibility

CPR reserves the right to restrict participation in the Plan to any employee or employee groups at any time in its sole discretion, including, but not limited to, the right to refuse to offer employees or employee groups the opportunity to participate in the Plan in any jurisdiction where operating the Plan in such jurisdiction or in respect of such employees is or becomes onerous (including, without limitation, having regard to the costs involved), impossible, illegal or impracticable, as determined by CPR in its sole discretion.

15.3 Liability

No Participant shall make any claim or demand against CPR or the Plan Administrator and Participants agree and acknowledge that CPR and the Plan Administrator shall not be liable with respect to:

(a) the performance of Shares on the Stock Exchange at or during any period of time;

(b) changes in the local currency value of Shares held by a Participant, where applicable, resulting from fluctuations in the exchange rates between the Canadian dollar and any other currency;

(c) income taxes payable in respect of the Plan, except to the extent that:

(i) CPR withholds any such amounts either from a Participant's Eligible Earnings, other earnings, or payments under the Plan; or

(ii) CPR (but not the employee) is liable for such payment under applicable law.

15.4 Participant’s Agreement to be bound by Plan Terms

Participation in the Plan by any Participant shall be construed as acceptance by the Participant of the terms and conditions of the Plan and all rules and procedures adopted hereunder and as amended from time to time, and as the Participant's agreement to be bound thereby.

15.5 Indemnification

By electing to participate in the Plan a Participant agrees to indemnify:

(a) CPR; and
(b) the Plan Administrator; and

(c) any other person who is or becomes liable to account for tax, social security contributions or any other regulatory or statutory contributions on behalf of the Participant against any amount of or representing tax, or any other regulatory or statutory contributions for which CPR (or such other person) is liable to account in respect of or in consequence of the facilitation of Participant Contributions, for the benefit of such Participant and which (as between the Participant and CPR or such other person) is the liability of the Participant but which CPR or such other person cannot otherwise lawfully recover from the Participant (whether by way of deduction from payroll or otherwise).

15.6 Assignment Exemption from Seizure and Bankruptcy

Except as may otherwise be specifically provided by applicable law, no right of a person under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge and any attempt by anyone to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void, and any Shares or money to which any person is entitled under the Plan are exempt from execution, seizure and attachment. Any Shares withdrawn from any Plan Account may only be transferred (including any transfer pursuant to Paragraph 8.2) in accordance with applicable securities laws.

If, notwithstanding the foregoing, a Participant is deprived by applicable law of interests in Shares or ceases to retain beneficial interest in the Shares, then all rights under the Plan will cease forthwith and no further Shares will be allocated under the Plan to that Participant.

15.7 Share Certificates

Share certificates, if issued pursuant to any provision of the Plan, shall bear any legend that is necessary or is deemed advisable in order to comply with applicable securities laws, including any legends referring to restrictions on transfer in any jurisdiction.

15.8 Physical, Mental or Legal Incapacity of the Participant

If any payment is to be made under the Plan to a minor or other person who is physically, mentally or legally incompetent, the Plan Administrator shall pay the same to the parent or guardian or other person having legal custody of, or being the legally appointed representative of, such person, to be applied by such parent, guardian, person having custody or legally appointed representative for the benefit of such person, without the Plan Administrator being further liable to see to the application thereof and so that any such payment shall be a complete discharge of any liability under the Plan and of CPR.

15.9 Governing Law and Compliance with Laws

The Plan shall be governed by and construed in accordance with the laws of the province of Alberta, Canada. Notwithstanding any provision of this Plan, CPR shall operate the Plan in compliance with all applicable laws and regulations of all jurisdictions where CPR has, in accordance with the terms of this Plan, decided to offer the Plan.

15.10 Discretionary Relief

Notwithstanding any other provision of the Plan, CPR may, at its discretion, waive any condition of the Plan if specific individual circumstances warrant such waiver.

AMENDMENT TO
CANADIAN PACIFIC RAILWAY LIMITED
EMPLOYEE SHARE PURCHASE PLAN (CANADA)

Amendment to Plan terms and conditions effective as of January 1, 2013

WHEREAS, Canadian Pacific Railway Limited (the "Company") and certain of its majority controlled subsidiaries have adopted the Canadian Pacific Railway Limited Employee Share Purchase Plan (Canada) (the "ESPP" or "Plan");

AND WHEREAS, effective April 3, 2009 the ESPP was amended to suspend the Company's match;

AND WHEREAS, effective January 1, 2010 the ESPP was amended to restore the Company's match for Canadian non-union employees (despite a typo in the amendment document dated December 22, 2009 which inadvertently and incorrectly referred to US employees (the "2009 Amendment"));

AND WHEREAS, on December 22, 2011 the President and CEO authorized the restoration of the Company's match for Participants who are members of TC local 1976 of the United Steelworkers bargaining unit, with such match to vest only after eight (8) calendar quarters.

AND WHEREAS, the ESPP was amended effective January 6, 2012 as follows:

1. The 2009 Amendment is hereby corrected, with retroactive effect, to change the words "the US" to "Canada".

2. Section 5. *Company Contributions.* Effective for Participant Contributions made January 6, 2012 and thereafter by a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part- time or seasonal employee in an Eligible Bargaining Unit, in each case provided such person is a member of the TC local 1976 of the United Steelworkers bargaining unit, the Company Contribution shall be restored in accordance with Section 5.1 Company Contributions as in effect prior to the April 2009 amendment to the Plan. For purposes of Section 5.1, a "Participant" shall continue to not include any other Eligible Bargaining Unit Representative or regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit.

3. Section 8. *Withdrawal/Sale of Shares.* Effective January 6, 2012 and thereafter, for a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, the holding period in Section 8.4 for Unvested Shares purchased after such date shall be eight (8) consecutive full calendar quarters instead of four (4).

4. Section 9.7. *Company Contributions upon Certain Terminations.* The suspension of this Section is hereby lifted with respect to Participants eligible for the restoration of Company Contributions under paragraph 1 of this Amendment.

NOW, THEREFORE, the ESPP is hereby amended effective January 1, 2013 as follows:

1. Section 5. *Company Contributions.* Effective for Participant Contributions made January 1, 2013 and thereafter by a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part- time or seasonal employee in an Eligible Bargaining Unit, in each case provided such person is a member of the Canadian Pacific Police Association, International Brotherhood Electrical Workers, Teamsters Canada Rail Conference Maintenance of Way Employees Division, the Company Contribution shall be restored in accordance with Section 5.1 Company Contributions as in effect prior to the April 2009 amendment to the Plan. For purposes of Section 5.1, a "Participant" shall continue to include bargaining unit members as amended December 22, 2011 but does not include any other Eligible Bargaining Unit Representative or regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit.

2. Section 8. *Withdrawal/Sale of Shares.* Effective January 6, 2012 and thereafter, for a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, the holding period in Section 8.4 for Unvested Shares purchased after such date shall be eight (8) consecutive full calendar quarters instead of four (4).

3. Section 9.7. *Company Contributions upon Certain Terminations.* The suspension of this Section is hereby lifted with respect to Participants eligible for the restoration of Company Contributions under paragraph 1 of this Amendment.

In all further respects the Plan will remain in full force and effect.

CANADIAN PACIFIC RAILWAY LIMITED

Dated: January 3, 2013

By: /s/ Peter Edwards
Peter Edwards
Vice President, Human Resources and Industrial Relations

AMENDMENT
TO
CANADIAN PACIFIC RAILWAY LIMITED
EMPLOYEE SHARE PURCHASE PLAN (CANADA)

Amendment to Plan terms and conditions effective as of November 5, 2013.

WHEREAS, Canadian Pacific Railway Limited (the "Company") and certain of its majority controlled subsidiaries have adopted the Canadian Pacific Railway Limited Employee Share Purchase Plan (Canada) (the "ESPP" or "Plan");

AND WHEREAS, effective April 3, 2009 the ESPP was amended to suspend the Company's match;

AND WHEREAS, effective January 1, 2010 the ESPP was amended to restore the Company's match for Canadian non-union employees (despite a typo in the amendment document dated December 22, 2009 which inadvertently and incorrectly referred to US employees (the "2009 Amendment"));

AND WHEREAS, on December 22, 2011 the President and CEO authorized the restoration of the Company's match for Participants who are members of TC local 1976 of the United Steelworkers bargaining unit, with such match to vest only after eight (8) calendar quarters.

AND WHEREAS, the ESPP was amended effective January 6, 2012 as follows:

1. The 2009 Amendment is hereby corrected, with retroactive effect, to change the words "the US" to "Canada".

2. Section 5. *Company Contributions*. Effective for Participant Contributions made January 6, 2012 and thereafter by a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, in each case provided such person is a member of the TC local 1976 of the United Steelworkers bargaining unit, the Company Contribution shall be restored in accordance with Section 5.1 Company Contributions as in effect prior to the April 2009 amendment to the Plan. For purposes of Section 5.1, a "Participant" shall continue to not include any other Eligible Bargaining Unit Representative or regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit.

3. Section 8. *Withdrawal/Sale of Shares*. Effective January 6, 2012 and thereafter, for a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, the holding period in Section 8.4 for Unvested Shares purchased after such date shall be eight (8) consecutive full calendar quarters instead of four (4).

4. Section 9.7. *Company Contributions upon Certain Terminations*. The suspension of this Section is hereby lifted with respect to Participants eligible for the restoration of Company Contributions under paragraph 1 of this Amendment.

AND WHEREAS, the ESPP is hereby amended effective January 1, 2013 as follows:

1. Section 5. *Company Contributions*. Effective for Participant Contributions made January 1, 2013 and thereafter by a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, in each case provided such person is a member of the Canadian Pacific Police Association, International Brotherhood Electrical Workers, Teamsters Canada Rail Conference Maintenance of Way Employees Division, the Company Contribution shall be restored in accordance with Section 5.1 Company Contributions as in effect prior to the April 2009 amendment to the Plan. For purposes of Section 5.1, a "Participant" shall continue to include bargaining unit members as amended December 22, 2011 but does not include any other Eligible Bargaining Unit Representative or regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit.

2. Section 8. *Withdrawal/Sale of Shares*. Effective January 6, 2012 and thereafter, for a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, the holding period in Section 8.4 for Unvested Shares purchased after such date shall be eight (8) consecutive full calendar quarters instead of four (4).

3. Section 9.7. *Company Contributions upon Certain Terminations*. The suspension of this Section is hereby lifted with respect to Participants eligible for the restoration of Company Contributions under paragraph 1 of this Amendment.

NOW, THEREFORE, the ESPP is hereby amended effective November 5, 2013 as follows:

1. The January 1, 2013 amendment is hereby corrected, with retroactive effect, to change the vesting period of the Company's match for a CPR employee in Canada who is a member of International Brotherhood Electrical Workers (IBEW) bargaining unit.

2. Section 5. *Company Contributions*. Effective for Participant Contributions made January 1, 2013 and thereafter by a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, in each case provided such person is a member of the Canadian Pacific Police Association, International Brotherhood Electrical Workers, Teamsters Canada Rail Conference Maintenance of Way Employees Division, the Company Contribution shall be restored in accordance with Section 5.1

Company Contributions as in effect prior to the April 2009 amendment to the Plan. For purposes of Section 5.1, a "Participant" shall continue to include bargaining unit members as amended December 22, 2011 but does not include any other Eligible Bargaining Unit Representative or regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit.

3. Section 8. *Withdrawal/Sale of Shares* Effective January 6, 2012 and thereafter, for a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, the holding period in Section 8.4 for Unvested Shares purchased after such date shall be eight (8) consecutive full calendar quarters instead of four (4), notwithstanding the above, members of the IBEW shall be four (4) consecutive full calendar quarters instead of eight (8).

4. Section 9.7. *Company Contributions upon Certain Terminations*. The suspension of this Section is hereby lifted with respect to Participants eligible for the restoration of Company Contributions under paragraph 1 of this Amendment.

In all further respects the Plan will remain in full force and effect.

CANADIAN PACIFIC RAILWAY LIMITED

By: /s/ Peter Edwards
Peter Edwards
Vice President, Human
Resources and Industrial Relations

AMENDMENT
TO
CANADIAN PACIFIC RAILWAY LIMITED
EMPLOYEE SHARE PURCHASE PLAN (CANADA)

Amendment to Plan terms and conditions effective as of July 17, 2014.

WHEREAS, Canadian Pacific Railway Limited (the "Company") and certain of its majority controlled subsidiaries have adopted the Canadian Pacific Railway Limited Employee Share Purchase Plan (Canada) (the "ESPP" or "Plan");

AND WHEREAS, effective April 3, 2009 the ESPP was amended to suspend the Company's match;

AND WHEREAS, effective January 1, 2010 the ESPP was amended to restore the Company's match for Canadian non-union employees (despite a typo in the amendment document dated December 22, 2009 which inadvertently and incorrectly referred to US employees (the "2009 Amendment"));

AND WHEREAS, on December 22, 2011 the President and CEO authorized the restoration of the Company's match for Participants who are members of TC local 1976 of the United Steelworkers bargaining unit, with such match to vest only after eight (8) calendar quarters.

AND WHEREAS, the ESPP was amended effective January 6, 2012 as follows:

1. The 2009 Amendment is hereby corrected, with retroactive effect, to change the words "the US" to "Canada".

2. Section 5. *Company Contributions*. Effective for Participant Contributions made January 6, 2012 and thereafter by a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, in each case provided such person is a member of the TC local 1976 of the United Steelworkers bargaining unit, the Company Contribution shall be restored in accordance with Section 5.1 Company Contributions as in effect prior to the April 2009 amendment to the Plan. For purposes of Section 5.1, a "Participant" shall continue to not include any other Eligible Bargaining Unit Representative or regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit.

3. Section 8. *Withdrawal/Sale of Shares*. Effective January 6, 2012 and thereafter, for a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, the holding period in Section 8.4 for Unvested Shares purchased after such date shall be eight (8) consecutive full calendar quarters instead of four (4).

4. Section 9.7. *Company Contributions upon Certain Terminations*. The suspension of this Section is hereby lifted with respect to Participants eligible for the restoration of Company Contributions under paragraph 1 of this Amendment.

AND WHEREAS, the ESPP was amended effective January 1, 2013 as follows:

1. Section 5. *Company Contributions*. Effective for Participant Contributions made January 1, 2013 and thereafter by a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, in each case provided such person is a member of the Canadian Pacific Police Association, International Brotherhood Electrical Workers, Teamsters Canada Rail Conference Maintenance of Way Employees Division, the Company Contribution shall be restored in accordance with Section 5.1 Company Contributions as in effect prior to the April 2009 amendment to the Plan. For purposes of Section 5.1, a "Participant" shall continue to include bargaining unit members as amended December 22, 2011 but does not include any other Eligible Bargaining Unit Representative or regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit.

2. Section 8. *Withdrawal/Sale of Shares*. Effective January 6, 2012 and thereafter, for a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, the holding period in Section 8.4 for Unvested Shares purchased after such date shall be eight (8) consecutive full calendar quarters instead of four (4).

3. Section 9.7. *Company Contributions upon Certain Terminations*. The suspension of this Section is hereby lifted with respect to Participants eligible for the restoration of Company Contributions under paragraph 1 of this Amendment.

AND WHEREAS, the ESPP was amended effective November 5, 2013 as follows:

1. The January 1, 2013 amendment is hereby corrected, with retroactive effect, to change the vesting period of the Company's match for a CPR employee in Canada who is a member of International Brotherhood Electrical Workers (IBEW) bargaining unit.

2. Section 5. *Company Contributions*. Effective for Participant Contributions made January 1, 2013 and thereafter by a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, in each case provided such person is a member of the Canadian Pacific Police Association, International Brotherhood Electrical Workers, Teamsters Canada Rail Conference Maintenance of Way Employees Division, the Company Contribution shall be restored in accordance with Section 5.1 Company Contributions as in effect prior to the April 2009 amendment to the Plan. For purposes of Section 5.1, a "Participant" shall continue to include bargaining unit members as amended December 22, 2011 but does not include any other Eligible Bargaining Unit Representative or regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit.

3. Section 8. *Withdrawal/Sale of Shares* Effective January 6, 2012 and thereafter, for a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, the holding period in Section 8.4 for Unvested Shares purchased after such date shall be eight (8) consecutive full calendar quarters instead of four (4), notwithstanding the above, members of the IBEW shall be four (4) consecutive full calendar quarters instead of eight (8).

4. Section 9.7. *Company Contributions upon Certain Terminations*. The suspension of this Section is hereby lifted with respect to Participants eligible for the restoration of Company Contributions under paragraph 1 of this Amendment.

NOW, THEREFORE, the ESPP is hereby amended effective July 17, 2014, as follows:

1. Section 5. *Company Contributions*. Effective for Participant Contributions made January 1, 2013 and thereafter by a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, in each case provided such person is a member of the Canadian Pacific Police Association, International Brotherhood Electrical Workers, Teamsters

Canada Rail Conference Maintenance of Way Employees Division, Teamsters Canada Rail Conference - Rail Traffic Controllers, the Company Contribution shall be restored in accordance with Section 5.1 Company Contributions as in effect prior to the April 2009 amendment to the Plan. For purposes of Section 5.1, a "Participant" shall continue to include bargaining unit members as amended December 22, 2011 but does not include any other Eligible Bargaining Unit Representative or regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit.

2. Section 8. *Withdrawal/Sale of Shares*. Effective January 6, 2012 and thereafter, for a CPR employee in Canada who is an Eligible Bargaining Unit Representative or a regular full-time, part-time or seasonal employee in an Eligible Bargaining Unit, the holding period in Section 8.4 for Unvested Shares purchased after such date shall be eight (8) consecutive full calendar quarters instead of four (4), notwithstanding the above, members of the IBEW shall be four (4) consecutive full calendar quarters instead of eight (8).

3. Section 9.7. *Company Contributions upon Certain Terminations*. The suspension of this Section is hereby lifted with respect to Participants eligible for the restoration of Company Contributions under paragraph 1 of this Amendment.

In all further respects the Plan will remain in full force and effect.

CANADIAN PACIFIC RAILWAY LIMITED

By: /s/ Peter Edwards
Peter Edwards
Vice President, Human
Resources and Industrial Relations

Exhibit 10.11

1-28-2015

CANADIAN PACIFIC U.S. SALARIED RETIREMENT INCOME PLAN

(Including all Amendments Adopted
Through December 31, 2014)

CANADIAN PACIFIC U.S. SALARIED RETIREMENT INCOME PLAN

(Including all Amendments Adopted through December 31, 2014)

Table of Contents

CANADIAN PACIFIC U.S. SALARIED RETIREMENT INCOME PLAN

(Including all Amendments Adopted through December 31, 2014)

ARTICLE I
GENERAL

Sec. 1.1 Name of Plan. The name of the profit sharing plan set forth herein is the Canadian Pacific U.S. Salaried Retirement Income Plan. It is sometimes herein referred to as the "Plan".

Sec. 1.2 Purpose. The Plan has been established so that eligible employees may have an additional source of retirement income.

Sec. 1.3 Effective Date. The "Effective Date" of the Plan, the date as of which the Plan was established, is July 1, 2010. This restatement of the Plan dated "1-28-15" is generally effective as of January 1, 2015.

Sec. 1.4 Company. The "Company" is the Soo Line Railroad Company, a Minnesota corporation, and any Successor Employer thereof.

Sec. 1.5 Participating Employer. The Company is a Participating Employer in the Plan. With the consent of the Company, any other employer may also become a Participating Employer in the Plan effective as of a date specified by it in its adoption of the Plan. Any Successor Employer to a Participating Employer shall also be a Participating Employer in the Plan. As of July 1, 2010, the Company, the Dakota, Minnesota & Eastern Railroad Corporation and the Delaware and Hudson Railway Company, Inc. are the only Participating Employers in the Plan.

Sec. 1.6 Construction and Applicable Law. The Plan is intended to meet the requirements for qualification as a profit sharing plan under Section 401(a) of the Code. The Plan is also intended to be in full compliance with applicable requirements of ERISA. The Plan shall be administered and construed consistent with said intent. It shall also be construed and administered according to the laws of the State of Minnesota to the extent that such laws are not preempted by the laws of the United States of America. All controversies, disputes, and claims arising hereunder shall be submitted to the United States District Court for the District of Minnesota, except as otherwise provided in any trust agreement entered into with a Funding Agency.

Sec. 1.7 Benefit Determinations and Applicability of Amendments. Except as may be specifically provided herein to the contrary, benefits under the Plan attributable to service prior to a Participant's Termination of Employment shall be determined and paid in accordance with the provisions of the Plan as in effect as of the date the Termination of

Employment occurred. Any amendment to the Plan shall apply only to benefits accrued by individuals who are employees of a Participating Employer or Affiliate on or after the effective date of such amendment, unless they become Active Participants after that date and such active participation causes a contrary result under the provisions the Plan. Notwithstanding the foregoing:

(a) Certain provisions of the Plan have specific effective dates, which are noted in the particular provisions.

(b) Notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code and the Uniformed Services Employment and Reemployment Rights Act of 1994, P.L. 103-353 ("USERRA"). In the absence of explicit regulatory guidance, the Plan will be applied and interpreted in a manner that is consistent with a good faith interpretation of the legal requirements of USERRA.

(c) Certain provisions of the Plan are intended to reflect the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") and the Job Creation and Older Worker Assistance Act of 2002 ("JOCWA"), the Pension Protection Act of 2006 ("PPA") and the Worker, Retiree and Employer Recovery Act of 2008 ("WRERA") and the Heroes Earnings and Assistance and Relief Tax Act of 2008 (the "HEART Act"). The Plan shall be applied and interpreted in a manner that is consistent with a good faith interpretation of the requirements of the EGTRRA, JOCWA, PPA, WRERA and the HEART Act.

(d) This restatement of the Plan document dated "1-28-15" is generally effective January 1, 2015 and includes all amendments adopted or proposed through December 31, 2014. These amendments include the following:

(1) Amendments dated "4-10-12", adopted on June 11, 2012, in connection with the favorable determination letter dated "4-10-12".

(2) Amendment dated "6-21-13", adopted on July 5, 2013, in connection with the exclusion of certain bonuses from Certified Earnings recognized under the Plan.

(3) Amendments dated "12-18-14", adopted on December 18, 2014, in connection with certain 2014 transfers from Canadian Pacific Railroad and recognizing same sex marriages.

ARTICLE II
MISCELLANEOUS DEFINITIONS

Sec. 2.1 **Account.** "Account" means a Participant's or Beneficiary's interest in the Fund as described in Sec. 7.1.

Sec. 2.2 **Active Participant.** An employee is an "Active Participant" only while he or she is both a Participant and a Qualified Employee.

Sec. 2.3 **Affiliate.** "Affiliate" means any trade or business entity under Common Control with a Participating Employer, or under Common Control with a Predecessor Employer while it is such.

Sec. 2.4 **Annual Retirement Contributions.** "Annual Retirement Contributions" are the contributions made by the Participating Employers pursuant to Sec. 5.1.

Sec. 2.5 **Beneficiary.** "Beneficiary" means the person or persons designated as such pursuant to the provisions of Article VIII.

Sec. 2.6 **Board.** The "Board" is the board of directors of the Company, and includes any executive committee thereof authorized to act for said board of directors.

Sec. 2.7 **Certified Earnings.** "Certified Earnings" of a Participant from a Participating Employer for a Plan Year means the amount determined by the Participating Employer and reported to the Company to be the total earnings paid to the Participant by the Participating Employer during such Plan Year for service as an Active Participant, subject to the following:

(a) Discretionary bonuses shall not be included in Certified Earnings, except as provided in subsection (b).

(b) Certified Earnings shall include the bonus actually paid during the year under the Company's Performance Incentive Program. If bonuses under the Performance Incentive Program are paid in the year after they are earned, they will be credited to the year paid rather than the year earned. Notwithstanding the foregoing, if the Company designates part or all of a Performance Incentive Plan bonus, or any other payments or bonus, as not being includable in Certified Earnings, such bonus or payment shall not be included in Certified Earnings under the Plan.

(c) Payments or contributions to or for the benefit of the employee under this Plan shall not be included in Certified Earnings.

(d) Except as provided in subsection (e), allowances or reimbursements for expenses, moving allowances or relocation expenses, foreign tax-equalization pay, severance pay, payments or employer contributions to or for the benefit of the employee under any other deferred compensation, pension, profit sharing,

insurance, or other employee benefit plan, purchase discounts under (or payments from) the employee share purchase plan, stock options, stock appreciation rights or cash payments in lieu thereof, merchandise or service discounts, non-cash employee awards, benefits in the form of property or the use of property, earnings payable in a form other than cash, or other similar fringe benefits shall not be included in computing Certified Earnings, except as provided in subsection (e). Settlement proceeds paid in connection with any claim against the Company or a Participating Employer are not Certified Earnings.

(e) If, however, a Participant has elected to have his or her compensation reduced pursuant to a cash or deferred arrangement established under Code Section 401(k), a cafeteria plan described in Code Section 125 or a qualified transportation fringe benefit program under Code Section 132(f)(4), Certified Earnings for purposes of this Plan shall be the amount he or she would have received but for the reduction. If a portion of the reduction is later paid back to Participant, said payment shall not be included in Certified Earnings.

(f) A Participant's Certified Earnings for any Plan Year shall not exceed the annual compensation limit under Code Section 401(a)(17) in effect for that year. For example, the Code Section 401(a)(17) limit for the Plan Year beginning January 1, 2014 was Two Hundred and Sixty Thousand Dollars ($260,000) and the limit for the 2015 Plan Year is Two Hundred and Sixty Five Thousand Dollars ($265,000). The Code Section 401(a)(17) limit is subject to adjustment in future Plan Years for cost of living increases or otherwise. This subsection shall be applied in accordance with a good faith interpretation of regulations prescribed by the Secretary of Treasury.

(g) A Participant's Certified Earnings shall include the Certified Earnings that the Participant would have received during a period of qualified military service (or, if the amount of such Certified Earnings is not reasonably certain, the Participant's average earnings comprising Certified Earnings from all Participating Employers for the twelve-month period immediately preceding the Participant's period of qualified military service); but only if the Participant returns to work within the period during which his right to reemployment is protected by law or dies during the period of qualified military service. For purposes of this subsection, "qualified military service" shall mean any service in the uniformed services (as defined in chapter 43 of title 38, United States Code) where the Participant's right to reemployment is protected by law, including a period of military service where the Participant dies prior to the end of such military service and is thus unable to return to employment.

(h) Salary differential payments made to a Participant during a military leave shall not constitute Certified Earnings under the Plan, unless required by USERRA or other applicable law.

(i) If a Participant transferred employment in 2014 (without having a Termination of Employment) from the Canadian Pacific Railroad to a Participating Employer in this Plan, his or her Certified Earnings under this Plan for 2014 shall include compensation received from Canadian Pacific Railway in 2014 prior to the transfer. For this purpose, payments made to the Participant in Canadian dollars in 2014 prior to the transfer shall be converted to U.S. dollars using the rate of exchange as reported by the U.S. Federal Reserve Board for December 2014.

Sec. 2.8 Code. "Code" means the Internal Revenue Code of 1986 as from time to time amended.

Sec. 2.9 Common Control. A trade or business entity (whether a corporation, partnership, sole proprietorship or otherwise) is under "Common Control" with another trade or business entity (i) if both entities are corporations which are members of a controlled group of corporations as defined in Code Section 414(b), or (ii) if both entities are trades or businesses (whether or not incorporated) which are under common control as defined in Code Section 414(c), or (iii) if both entities are members of an affiliated service group as defined in Code Section 414(m), or (iv) if both entities are required to be aggregated pursuant to regulations under Code Section 414(o). Service for all entities under Common Control shall be treated as service for a single employer to the extent required by the Code; provided, however, that an individual shall not be a Qualified Employee by reason of this section. In applying the first sentence of this section for purposes of Sec. 6.1, the provisions of subsections (b) and (c) of section 414 of the Code are deemed to be modified as provided in Code Section 415(h).

Sec. 2.10 ERISA. "ERISA" means the Employee Retirement Income Security Act of 1974 as from time to time amended.

Sec. 2.11 Forfeitures. "Forfeitures" (or "Forfeited") means that part of the Fund so recognized under Sec. 9.2(a), which provides for the forfeiture of non-vested employer contributions and any other amounts treated as Forfeitures under the terms of the Plan.

Sec. 2.12 Fund. "Fund" means the aggregate of assets described in Sec. 11.1.

Sec. 2.13 Funding Agency. "Funding Agency" is a trustee or trustees or an insurance company appointed and acting from time to time in accordance with the provisions of Sec. 11.2 for the purpose of holding, investing, and disbursing all or a part of the Fund.

Sec. 2.14 Highly Compensated Employee. "Highly Compensated Employee" for any Plan Year means an individual described in (a) or (b):

(a) The employee received Testing Wages of $115,000 or more for the prior Plan Year, subject to the following:

(1) The $115,000 limit shall be adjusted for cost of living increases as provided in Code Section 414(q). For example, the Code Section 414(q) limit for 2014 was $115,000 and the limit for 2015 is $120,000.

(2) The Company may elect to treat those employees, who receive Testing Wages equal to or in excess of the applicable limit under Code Section 414(q) (as adjusted for cost of living increases) but who are not among the top paid 20 percent of all employees, as Non-Highly Compensated Employees. Any such election shall be made in accordance with applicable regulations prescribed by the Internal Revenue Service. Currently, the Company is not making this election.

(b) An employee of a Participating Employer who at any time during the current or prior Plan Year was a five percent (5%) owner as defined in Code Section 416(i)(1).

Sec. 2.15 Investment Fund. "Investment Fund" means any of the funds for investment of Plan assets established under Sec. 7.2.

Sec. 2.16 Leased Employees. "Leased Employees", within the meaning of Code Section 414(n)(2) and individuals who would meet those requirements but for failure to complete a year of leased service, shall be counted as employees of the Company or a Participating Employer to the extent required by the Code or regulations issued thereunder. "Leased Employee" means any person (other than an employee of the recipient) who, pursuant to an agreement between the recipient and any other person ("leasing organization"), has performed services for the recipient (or for the recipient and related persons determined in accordance with Code Section 414(n)(6)), on a substantially full-time basis for a period of at least one year, and such services are performed under primary direction or control by the recipient. Contributions or benefits provided a leased employee by the leasing organization which are attributable to service performed for the recipient employer shall be treated as provided by the recipient employer. Leased Employees are not Participants in the Plan, however, and are not eligible to receive Annual Retirement Contributions under the Plan.

Sec. 2.17 Named Fiduciary. The Company is a "Named Fiduciary" for purposes of ERISA with authority to control or manage the operation and administration of the Plan, including control or management of the assets of the Plan. Other persons are also Named Fiduciaries under ERISA if so provided thereunder or if so identified by the Company, by action of the Board. Such other person or persons shall have such authority to control or manage the operation and administration of the Plan, including control or management of the assets of the Plan, as may be provided by ERISA or as may be allocated by the Company, by action of the Board.

Sec. 2.18 Non-Highly Compensated Employee. "Non-Highly Compensated Employee" means an Active Participant who is not a Highly Compensated Employee.

Sec. 2.19 Normal Retirement Age. "Normal Retirement Age" is age 65.

Sec. 2.20 Participant. A "Participant" is an individual described as such in Article IV.

Sec. 2.21 Plan Year. The "Plan Year" is the 12-consecutive-month period commencing each January 1 and ending each December 31.

Sec. 2.22 Predecessor Employer. An employer shall be a Predecessor Employer if required by regulations prescribed by the Internal Revenue Service. In addition, any corporation, partnership, firm, or individual, a substantial part of the assets and employees of which are acquired by a successor is a "Predecessor Employer" subject to any conditions and limitations with respect thereto imposed by this section; provided, however, that any such corporation, partnership, firm or individual may be named as a Predecessor Employer only if all of its employees who at the time of the acquisition become employees of the successor and Participants hereunder are treated uniformly, the use of service with it does not produce discrimination in favor of Highly Compensated Employees, and there is no duplication of benefits for such service. To be considered a Predecessor Employer, the acquisition of assets and employees of a corporation, partnership, firm, or individual must be by a Participating Employer, by an Affiliate, or by another Predecessor Employer and, unless required by law, the Company recognizes that the entity is a Predecessor Employer for purposes of this Plan.

Sec. 2.23 Qualified Employee. "Qualified Employee" means a salaried employee (full-time or part-time) of a Participating Employer who is either hired or rehired on or after July 1, 2010 or is not a participant in the Canadian Pacific Pension Plan for U.S. Management Employees (the "Pension Plan") subject to the following:

(a) Individuals employed by the Dakota, Minnesota & Eastern Railroad Corporation (the "DM&E") on July 1, 2010 and employees hired or rehired by a Participating Employer on or after July 1, 2010 are Qualified Employees even if they are receiving benefits or are entitled to future benefits under the Pension Plan. These individuals are not eligible to accrue additional benefits under the Pension Plan.

(b) Individuals who were employed by the Soo Line Railroad Company or the Delaware and Hudson Railroad Company on July 1, 2010 and who were participants in the Pension Plan on that date are not eligible to participate in this Plan even if they were not actively accruing benefits under the Pension Plan on July 1, 2010.

(c) Former employees who are still entitled to benefits under the Pension Plan and who are rehired by a Participating Employer on or after July 1, 2010 are Qualified Employees eligible to participate in the Salaried Retirement Income Plan but are not eligible to accrue additional benefits under the Pension Plan with respect to their service after their rehire date.

(d) Any employee of a Participating Employer who transfers into a covered salaried position after July 1, 2010 and who is not a participant in the Pension Plan, is a Qualified Employee eligible to participate in the Salaried Retirement Income Plan. This includes transfers from Canada to U.S. salaried positions who relocate to a U.S. residence, transfers from hourly to salaried positions and transfers from union represented positions to salaried positions.

(e) Hourly paid employees are not Qualified Employees.

(f) Eligibility of employees in a collective bargaining unit to participate in the Plan shall be subject to negotiations with the representative of that unit. During any period that the wages and hours of service of an employee are covered by the provisions of a collective bargaining agreement between his or her Participating Employer and such representative he or she shall not be considered a Qualified Employee for purposes of this Plan unless such agreement expressly so provides. For purposes of this section only, such an agreement shall be deemed to continue after its formal expiration during collective bargaining negotiations pending the execution of a new agreement.

(g) An employee shall be deemed to be a Qualified Employee during a period of absence from active service which does not result from his or her Termination of Employment, provided he or she is a Qualified Employee at the commencement of such period of absence.

(h) A nonresident alien while not receiving earned income (within the meaning of Code Section 911(b)) from a Participating Employer which constitutes income from sources within the United States (within the meaning of Code Section 861(a)(3)) is not a Qualified Employee.

(i) An employee is not a Qualified Employee unless his or her services are performed within the United States, or his or her principal base of operations to which he or she frequently returns is within the United States.

(j) Any individual designated by the Company or a Participating Employer as an "independent contractor" by payroll practice or otherwise is not a Qualified Employee (regardless of whether the individual is actually a common law employee).

(k) An employee is not a Qualified Employee prior to July 1, 2010.

(l) An employee is not a Qualified Employee prior to the date as of which his or her employer becomes a Participating Employer in this Plan.

Sec. 2.24 Successor Employer. A "Successor Employer" is any entity that succeeds to the business of a Participating Employer through merger, consolidation, acquisition of all or substantially all of its assets, or any other means and which elects before or within a reasonable time after such succession, by appropriate action evidenced in writing, to continue the Plan; provided, however, that in the case of such succession with respect to any Participating Employer other than the Company, the acquiring entity shall be a Successor Employer only if consent thereto is granted by the Company.

Sec. 2.25 Testing Wages. A Participant's "Testing Wages" for a Plan Year means the Participant's compensation for the Plan Year as reported on Internal Revenue Service form W-2 subject to the following:

(a) The Company may, on a uniform and nondiscriminatory basis, modify the definition of Testing Wages in any other way that satisfies the definition of "compensation" under Code Section 414(s) or regulations issued thereunder. The same definition of Testing Wages shall be used for all Participants for a particular year, but different definitions may be used for different years.

(b) The Company may limit a Participant's Testing Wages to compensation received while the employee is a Participant.

(c) Testing Wages shall not exceed the limit as may be in effect under Code section 401(a)(17) for any given Plan Year.

Sec. 2.26 Valuation Date. "Valuation Date" means the date on which the Fund and Accounts are valued as provided in Article VII. Each of the following is a Valuation Date:

(a) The last day of each quarter of the Plan Year.

(b) A more frequently occurring date, such as daily valuations, as designated by the Company in written notice to the Funding Agency, as the Company may consider necessary or advisable to provide for the orderly and equitable administration of the Plan.

ARTICLE III
SERVICE PROVISIONS

Sec. 3.1 **Employment Commencement Date.** "Employment Commencement Date" means the date on which an employee first performs an Hour of Service for a Participating Employer (whether before or after the Participating Employer becomes such) an Affiliate, or a Predecessor Employer. The date upon which an employee performs an Hour of Service after a Recognized Break in Service is also an Employment Commencement Date.

Sec. 3.2 **Termination of Employment**. An employee has a "Termination of Employment" for purposes of the Plan upon resignation, discharge, retirement, death, failure to return to active work at the end of an authorized leave of absence or the authorized extension or extensions thereof, failure to return to work when duly called following temporary layoff, or upon the happening of any other event or circumstances which, under the policy of a Participating Employer, Affiliate or Predecessor Employer as in effect from the time to time, results in the termination of the employer-employee relationship. Notwithstanding the foregoing, no Termination of Employment shall be deemed to occur upon a transfer between any combination of the Company, Affiliates, and Predecessor Employers, nor shall the change in status from a common law employee to a Leased Employee constitute a Termination of Employment.

If the employer-employee relationship is terminated because of the entry of an employee into the armed forces of the United States and if the employee subsequently returns to employment with a Participating Employer or an Affiliate under circumstances such that he or she has reemployment rights under the provisions of any applicable federal law, for all purposes of the Plan and only for such purposes the employee shall be deemed to have been on authorized leave of absence during the period of military service.

Sec. 3.3 **Recognized Break in Service.** A "Recognized Break in Service" is a period of at least 12 consecutive months duration that begins on the day on which the individual's Termination of Employment occurs and during which the individual has no Hours of Service. A Recognized Break in Service ends, if ever, on the day on which the individual again performs an Hour of Service for a Participating Employer, an Affiliate or a Successor Employer. Notwithstanding the foregoing, if an individual is absent from work for maternity or paternity reasons, a period of up to 12 months beginning with the first day of such absence shall not count as part of a Recognized Break in Service.

For purposes of this Sec. 3.3 an absence from work for maternity or paternity reasons means an absence for one of the following reasons:

(a) Because the individual was pregnant;

(b) Because the individual gave birth to a child;

(c) Because the individual adopted a child or had a child placed with them for purposes of adoption; or

(d) Because the individual needs to care for the child for a period beginning immediately following a birth, adoption or placement described above.

Sec. 3.4 Years of Vesting Service. An individual's "Years of Vesting Service" are equal to the aggregate time elapsed between his or her original Employment Commencement Date and his or her most recent Termination of Employment or any other date as of which a determination of Years of Vesting Service is to be made, expressed in years and days, reduced by all Recognized Breaks in Service, subject to the following:

(a) Service prior to a Recognized Break in Service will not be excluded from a Participant's Years of Vesting Service regardless of the length of the Recognized Break in Service.

(b) For purposes of converting days into years, 365 days constitute one year.

Sec. 3.5 Hours of Service. "Hours of Service" are determined according to the following subsections with respect to each applicable computation period. The Company may round up the number of Hours of Service at the end of each computation period or more frequently as long as a uniform practice is followed with respect to all employees determined by the Company to be similarly situated for compensation, payroll, and record keeping purposes.

(a) Hours of Service are computed only with respect to service with Participating Employers (for service both before and after the Participating Employer becomes such), Affiliates, members of the Affiliated Group and Predecessor Employers and are aggregated for service with all such employers.

(b) For any portion of a computation period during which a record of hours is maintained for an employee, Hours of Service shall be credited as follows:

(1) Each hour for which the employee is paid, or entitled to payment, for the performance of duties for his employer during the applicable computation period is an Hour of Service.

(2) Each hour for which the employee is paid, or entitled to payment, by his employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness incapacity (including disability), layoff, jury duty, military duty, or leave of absence, is an Hour of Service. Hours of Service shall not be credited under this paragraph with respect to payments under a plan maintained solely for the purpose of complying with applicable unemployment compensation or disability insurance laws or with respect to a payment which solely reimburses the individual for medical or medically related expenses incurred by the employer.

(3) Each hour credited for a period of time during which no duties are performed, but during which the employment relationship has not been terminated, during a period of excused absence, vacation, sick leave or jury duty is an Hour of Service. Such Hours of Service shall be credited on an assumed basis of a nine (9) hour workday and five (5) workdays per week. If an Hour of Service is creditable under both paragraph (2) and

this paragraph (3), the employee shall be credited with Hours of Service under the computation which results in the most Hours of Service being credited to the employee.

(4) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the employer is an Hour of Service. Such Hours of Service shall be credited to the computation period or periods to which the award or agreement for back pay pertains, rather than to the computation period in which the award, agreement, or payment is made. Crediting of Hours of Service for back pay awarded or agreed to with respect to periods described in paragraph (2) shall be subject to the limitations set forth therein.

(5) Hours under this subsection shall be calculated and credited pursuant to Section 2530.200b-2 of the Department of Labor Regulations, which are incorporated herein by this reference.

(6) The Company may use any records to determine Hours of Service which it considers an accurate reflection to the actual facts.

(c) For any portion of a computation period during which an employee is within a classification for which a record of hours for the performance of duties is not maintained, he shall be credited with 45 Hours of Service for each week for which he would otherwise be credited with at least one Hour of Service under subsection (b).

(d) Nothing in this section shall be construed as denying an employee credit for an Hour of Service if credit is required under Code Section 414(n) or by any other federal law. The nature and extent of such credit shall be determined under such other law.

(e) In no event shall duplicate credit as an Hour of Service be given for the same hour.

ARTICLE IV
PLAN PARTICIPATION

Sec. 4.1 **Eligibility for Participation.** Eligibility to participate in the Plan shall be determined as follows:

(a) An employee of a Participating Employer shall become a Participant in the Plan on the earliest date (on or after July 1, 2010 or such later date on which the Plan becomes effective with respect to his or her Participating Employer) on which all of the following requirements are met:

(1) The employee is a Qualified Employee.

(2) The employee has attained age 21.

(3) The employee has completed an Hour of Service with a Participating Employer on or after July 1, 2010.

(b) If a former Participant is reemployed, he or she will become a Participant on the date he or she again becomes a Qualified Employee.

Sec. 4.2 **Duration of Participation.** A Participant shall continue to be such until the later of:

(a) The Participant's Termination of Employment.

(b) The date all benefits, if any, to which the Participant is entitled hereunder have been distributed from the Fund.

Sec. 4.3 **No Guarantee of Employment.** Participation in the Plan does not constitute a guarantee or contract of employment with the Participating Employers. Such participation shall in no way interfere with any rights the Participating Employers would have in the absence of such participation to determine the duration of an employee's employment.

ARTICLE V
EMPLOYER CONTRIBUTIONS

Sec. 5.1 Annual Retirement Contribution. The Participating Employers shall make an Annual Retirement Contribution each Plan Year on behalf of eligible Participants subject to the following:

(a) The Annual Retirement Contribution shall be equal to three and one-half percent (3 ½%) of the eligible Participant's Certified Earnings for the Plan Year and shall be credited to a separate Account established for the Participant pursuant to Sec. 7.1. Amounts credited to a Participant's Annual Retirement Contribution Account shall not be available for Participant loans or hardship withdrawals.

(b) The Participant must have satisfied at least one of the following requirements:

(1) The Participant was an Active Participant on the last business day of the Plan Year for which the Annual Retirement Contribution is being made;

(2) The Participant's Termination of Employment during the Plan Year occurred on or after the date the Participant reached age 55 with at least 10 years of Vesting Service;

(3) The Participant died during the Plan Year; or

(4) The Participant had an involuntary Termination of Employment during the Plan Year, which was not for cause.

Any contribution during a Plan Year will be based on the Participant's Certified Earnings actually received during the Plan Year.

5.2 Application of Forfeitures. Forfeitures recognized with respect to a Plan Year may, at the Company's discretion, be applied in any of the following ways:

(a) Such amounts may be used to pay reasonable administrative expenses of the Plan to the extent permitted by ERISA.

(b) To the extent directed by the Company, such amounts may be applied to reinstate Forfeited Accounts as provided in Sec. 9.2(b).

(c) Such amounts may be credited against Annual Retirement Contributions to be made by the Participating Employers for the current Plan Year or the next Plan Year. In making allocations to the Accounts of Participants, amounts credited against Annual Retirement Contributions shall have the same attributes as Annual Retirement Contributions.

(d) Such amounts may be used to make any corrective contributions that may be necessary under the Internal Revenue Service self correction program.

(e) Such amounts may be allocated among the Accounts of Active Participants employed on the last day of the Plan Year in the ratio that each such Active Participant's Certified Earnings for the Plan Years bears to the total Certified Earnings of Active Participants that are employed on the last day of the Plan Year.

Sec. 5.3 Limitations on Contributions. In no event shall the amount of a Participating Employer's contribution under this Article for any Plan Year exceed the lesser of:

(a) The maximum amount allowable as a deduction in computing its taxable income for that Plan Year for federal income tax purposes.

(b) The aggregate amount of the contributions by such Participating Employer that may be allocated to Accounts of Participants under the provisions of Article VI.

Sec. 5.4 No Rollover Contributions. The Plan does not accept rollover contributions from IRA's or other eligible retirement plans.

Sec. 5.5 Allocations. Annual Retirement Contributions shall be allocated to the Accounts of Participants as follows:

(a) Allocations shall be reflected in Accounts as provided in Article VII. For the purposes of allocating investment gains and losses, pro rata adjustments will be made to Participants' Accounts in a fair, equitable and non-discriminatory manner to reflect the time when contributions were actually received by the Funding Agency and allocated to Participant's Accounts.

(b) Annual Retirement Contributions with respect to a Plan Year which are deposited with the Funding Agency after the end of the Plan Year shall be allocated to the appropriate Accounts as of the last day of that Plan Year unless the Company determines that it is necessary to treat some or all of such contributions as being contributions for the Plan Year in which they are actually deposited with the Funding Agency.

ARTICLE VI
LIMITATION ON ALLOCATIONS

Sec. 6.1 **Limitation on Allocations.** Notwithstanding any provisions of the Plan to the contrary, allocations to Participants under the Plan shall not exceed the maximum amount permitted under Code Section 415. For purposes of the preceding sentence, the following rules shall apply unless otherwise provided in Code Section 415:

(a) The Annual Additions with respect to a Participant for any Plan Year shall not exceed the lesser of:

(1) $52,000 for 2014 and $53,000 for 2015, as adjusted after 2015 for any applicable cost of living increases under Code Section 415(d).

(2) 100% of the Participant's "Compensation" as defined in subsection (e) below.

The Compensation limit referred to in paragraph (2) shall not apply to any contribution for medical benefits after separation from service (within the meaning of Code Section 401(h) or 419A(f)(2)), which is otherwise treated as an annual addition.

(b) If a Participant is also a participant in one or more other defined contribution plans maintained by a Participating Employer or an Affiliate, and if the amount of employer contributions and forfeitures otherwise allocated to the Participant for a Plan Year must be reduced to comply with the limitations under Code Section 415, such allocations under this Plan and each of such other plans shall be reduced pro rata to the extent necessary to comply with said limitations, except that reductions to the extent necessary shall be made in allocations under profit sharing plans and stock bonus plans before any reductions are made under money purchase plans.

(c) If for any Plan Year the limitation described in subsection (a) would otherwise be exceeded with respect to any Participant and if there is any excess amount remaining after the adjustments in paragraph (b) as a result of an operational error, any excess annual additions shall be adjusted and self-corrected pursuant to the Internal Revenue Service Employee Plans Compliance Resolution System. Such correction is to be made pursuant to procedures established by the Company and shall be completed by the close of the second Plan Year following the error.

(d) For purposes of this section, "Annual Additions" means the sum of the following amounts allocated to a Participant for a Plan Year under this Plan and all other defined contribution plans maintained by a Participating Employer or an Affiliate in which he or she participates:

(1) Employer contributions.

(2) Forfeitures, if any.

(3) Voluntary non-deductible contributions, if any.

(4) Amounts attributable to medical benefits as described in Code Sections 415(1)(2) and 419A(d)(2).

An Annual Addition with respect to a Participant's Accounts shall be deemed credited thereto with respect to a Plan Year if it is allocated to the Participant's Accounts under the terms of the Plan as of any date within such Plan Year.

(e) For purposes of applying the limitations of Code §415, "Compensation" means a Participant's earned income, wages, salaries, and other amounts received for personal services actually rendered in the course of employment with the Company, or an Affiliate, subject to the following:

(1) Subject to paragraph (2) below, Compensation excludes employer contributions to a plan of deferred compensation which are not includable in the Participant's gross income for the taxable year in which contributed, and other amounts which received special tax benefits. However, any amounts received by a Participant pursuant to an unfunded non-qualified plan of deferred compensation are Compensation in the year such amounts are includable in the Participant's gross income.

(2) Salary reduction contributions to a cash or deferral arrangement under Code §401(k), a Code §457 are includable as Compensation. Compensation shall also include elective amounts that are not includable in the gross income of the employee under Code §132(f)(4).

(3) Compensation shall include any military differential pay paid to a Participant by a Participating Employer.

(4) Compensation recognized for an employee for a Plan Year shall not exceed the limit under Code §401(a)(17) as adjusted by the Secretary of Treasury.

(5) Payments made by the later of 2½ months after a Participant's severance from employment or the end of the Plan Year in which the severance from employment occurred are included in Compensation for the limitation year if, absent a severance from employment, such payments would have been paid to the Participant while the Participant continued in employment with the Company or an Affiliate and are regular earnings for services during the Participant's regular working hours, compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar compensation. This

provision shall be applied consistent with the requirements of Treas. Reg. §1.145(c)-2.

(f) This Section shall be applied in accordance with final regulations under Code Section 415 that were issued by the Department of Treasury and Internal Revenue Service on April 5, 2007, which are hereby incorporated by reference.

ARTICLE VII
INDIVIDUAL ACCOUNTS

Sec. 7.1 **Accounts for Participants.** A "Retirement Income Account" shall be established under the Plan for each Participant who receives an Annual Retirement Contribution under the Plan. Other sub-Accounts may be established for a Participant if deemed advisable by the Company (collectively referred herein as the Participant's "Account").

Sec. 7.2 **Investment Funds.** Investment Funds for the investment of amounts credited to Participants' Accounts shall be established at the direction of the Company. The Company shall determine the types of investments to be held in each Investment Fund or the investment manager, trustee, or insurance company responsible for selecting investments. Income on the investments of each Investment Fund shall be reinvested by the appropriate Funding Agency in the appropriate Investment Fund.

Sec. 7.3 **Valuation of Investment Funds.** As of each Valuation Date, the Funding Agency shall determine, in accordance with a method consistently followed and uniformly applied, the fair market value of each Investment Fund. During any period that all or a part of any Investment Fund is held under a contract, of a type sometimes referred to as a "guaranteed income contract", issued by an insurance company and invested by it and under which the insurance company pays a guaranteed minimum rate of return, and provided no event has occurred that would result in a payment by the insurance company under the contract at a discount from book value of the contract, the fair market value of the contract shall be deemed to equal its book value.

Sec. 7.4 **Valuation of Accounts.** As of each Valuation Date the value of each Participant's Account under the Plan shall be determined. The value of each such Account shall be adjusted to reflect the effect of income, realized and unrealized profits and losses, withdrawals, interfund transfers, and all other transactions since the next preceding Valuation Date.

Sec. 7.5 **Participant Statements.** The Company will cause each Participant to be provided with a statement of his or her Account balance at least on a quarterly basis each Plan Year. The statement can be provided electronically or otherwise in accordance with applicable regulations issued under ERISA or the Code.

ARTICLE VIII
DESIGNATION OF BENEFICIARY

Sec. 8.1 **Persons Eligible to Designate.** Any Participant may designate a Beneficiary to receive any amount payable from the Fund as a result of the Participant's death, provided that the Beneficiary survives the Participant. The Beneficiary may be one or more persons, natural or otherwise. By way of illustration, but not by way of limitation, the Beneficiary may be an individual, trustee, executor, or administrator. A Participant may also change or revoke a designation previously made, without the consent of any Beneficiary named therein.

Sec. 8.2 **Special Requirements for Married Participants.** Notwithstanding the provisions of Sec. 8.1, if a Participant is married at the time of his or her death, the Beneficiary shall be the Participant's spouse unless the spouse has consented in writing to the designation of a different Beneficiary, the spouse's consent acknowledges the effect of such designation, and the spouse's consent is witnessed by a representative of the Plan or a notary public. Such consent shall be deemed to have been obtained if it is established to the satisfaction of the Company that such consent cannot be obtained because there is no spouse, because the spouse cannot be located, or because of such other circumstances as may be prescribed by federal regulations. Any consent by a spouse shall be irrevocable. Any designation of a Beneficiary or form of benefits which has received spousal consent may be changed (other than by being revoked) without spousal consent only if the consent by the spouse expressly permits subsequent designations by the Participant without any requirement of further consent of the spouse. Any such consent shall be valid only with respect to the spouse who signed the consent, or in the case of a deemed consent, the designated spouse.

Sec. 8.3 **Form and Method of Designation.** Any designation or a revocation of a prior designation of Beneficiary shall be in writing on a form acceptable to the Company and shall be filed with the Company or recordkeeper. The Company and all other parties involved in making payment to a Beneficiary may rely on the latest Beneficiary designation on file with the Company or recordkeeper at the time of payment or may make payment pursuant to Sec. 8.4 if an effective designation is not on file, shall be fully protected in doing so, and shall have no liability whatsoever to any person making claim for such payment under a subsequently filed designation of Beneficiary or for any other reason.

Sec. 8.4 **No Effective Designation.** If there is not on file with the Company or recordkeeper an effective designation of Beneficiary by a deceased Participant, or if the designated Beneficiary fails to survive the Participant, the Beneficiary shall be the person or persons surviving the Participant in the first of the following classes in which there is a survivor, share and share alike:

(a) The Participant's spouse.

(b) The Participant's children, except that if any of the Participant's children predecease the Participant but leave issue surviving the Participant, such issue shall take by right of representation the share their parent would have taken if living.

(c) The Participant's parents.

(d) The Participant's brothers and sisters.

(e) The Participant's personal representative (executor or administrator).

Determination of the identity of the Beneficiary in each case shall be made by the Company.

Sec. 8.5 Successor Beneficiary. If a Beneficiary who survives the Participant subsequently dies before receiving all payments to which the Beneficiary was entitled, the successor Beneficiary, determined in accordance with the provisions of this Section, shall be entitled to the balance of any remaining payments due. A Beneficiary who is not the surviving spouse of the Participant may not designate a successor Beneficiary. A Beneficiary who is the surviving spouse may designate a successor Beneficiary only if the Participant specifically authorized such designations on the Participant's Beneficiary designation form. If a Beneficiary is permitted to designate a successor Beneficiary, each such designation shall be made according to the same rules (other than Sec. 8.2) applicable to designations by Participants. If a Beneficiary is not permitted to designate a successor Beneficiary, or is permitted to do so but fails to make such a designation and the Participant had designated a different individual as Beneficiary contingent on the death of said Beneficiary, the balance of any payments remaining due will be payable to such contingent Beneficiary, and otherwise to the personal representative (executor or administrator) of the deceased Beneficiary.

Sec. 8.6 Disclaimers by Beneficiaries. A Beneficiary entitled to all or a portion of a deceased Participant's Accounts may disclaim his or her interest therein, subject to the following:

(a) To be eligible to disclaim, the Beneficiary must not have received a distribution of all or any portion of the Participant's Accounts and, in the case of a Beneficiary who is a natural person, must have attained at least age 21 at the time such disclaimer is signed and delivered. A disclaimer shall state that the Beneficiary's entire interest in the Participant's Accounts is disclaimed or shall specify what portion thereof is disclaimed. The Company shall be the sole judge of the content, interpretation and validity of a purported disclaimer.

(b) Any disclaimer must be in writing and must be signed by the Beneficiary making the disclaimer and acknowledged by a notary public. The Company may establish rules for the use of electronic signatures and acknowledgments. Until such rules are established, electronic signatures and acknowledgments shall not be effective. To be effective, an original signed copy of the disclaimer must be actually delivered to the Company following the date of the Participant's death but not later than nine months after the date of the Participant's death. A disclaimer shall be irrevocable upon delivery to the Company. A disclaimer shall be considered to be delivered to the Company only when it is actually received by the Company.

(c) Upon the filing of a valid disclaimer, the Beneficiary shall be considered not to have survived the Participant with respect to the disclaimed interest. A disclaimer shall not be considered to violate the provisions of Sec. 10.7, and shall not be considered to be an assignment or alienation of benefits in violation of any federal law prohibiting the assignment or alienation of benefits under this Plan.

(d) No form of attempted disclaimer that does not meet the requirements of this Section will be recognized by the Company.

Sec. 8.7 Definition of Spouse and Marriage. Effective September 16, 2013, the Plan will recognize any marriage (same sex or otherwise) that is valid either under the laws of the State of Minnesota or the state in which the marriage took place. This Section shall be administered in accordance with guidance issued by the Department of Treasury.

ARTICLE IX
BENEFIT REQUIREMENTS AND VESTING

Sec. 9.1 **Vested Benefit on Normal Retirement Age or Disability**. If a Participant's Termination of Employment occurs on or after he or she has reached Normal Retirement Age (age 65) or if the Participant becomes totally and permanently disabled (as determined by the Company in its sole discretion), the Participant shall be fully (100%) vested and shall be entitled to a benefit equal to the value of all of his or her Accounts. The benefit shall be paid at the time and in the manner determined under Article X. The value of each Account shall be adjusted as provided in Sec. 7.4 until the Account has been distributed in full.

Sec. 9.2 **Vesting on Other Termination of Employment**. If a Participant's Termination of Employment occurs after the Participant has completed three or more Years of Vesting Service, the Participant is fully (100%) vested and is entitled to a benefit equal to the value of his or her Retirement Income Account. The value of the Participant's Account shall continue to be adjusted as provided in Sec. 7.4 until the Account has been distributed in full, subject, however, to the following:

(a) Timing of Forfeitures. If the Participant is not vested in his or her Retirement Income Account, the unvested balance in his or her Account shall be treated as Forfeitures by the end of the Plan Year in which his or her Termination of Employment occurs. For this purpose, he or she will be treated as having been zero percent (0%) vested and having received a distribution of the entire vested balance in all of his or her Accounts in the Plan Year in which he or she Terminates Employment. Forfeitures shall be applied as provided in Sec. 5.2 and shall be reinstated as provided in paragraph (b) below.

Otherwise, if the Participant is vested and does not receive a distribution of the entire vested balance in his or her Account, the Participant's Account shall not be forfeited, but shall remain in the Plan. All undistributed Accounts shall continue to share in investment earnings and losses until the Account is completely distributed.

(b) Reinstatement of Forfeitures. If a Participant's Account is Forfeited and the Participant resumes employment with a Participating Employer before incurring a Recognized Break in Service of 60 months or more, the following shall apply:

(1) The Participant's Retirement Income Account that was Forfeited prior to the Recognized Break in Service will be restored to its value as of the Valuation Date coincident with or next following the Participant's prior Termination of Employment. The Participant's right to these reinstated amounts following any subsequent Termination of Employment is subject to the completion of a total of three Years of Vesting Service (including both service before and after the Recognized Break in Service).

(2) Amounts to be reinstated pursuant to paragraph (1) may be obtained from any of the following sources:

(A) Forfeitures, if any, for the Plan Year in which the reinstatement occurs.

(B) Contributions by the Company or Participating Employer who rehired the Participant.

(C) Net income or gain of the Fund not previously allocated to other Accounts.

(c) Permanent Forfeiture. If a Participant whose Account was Forfeited pursuant to subsection (a) does not resume employment with a Participating Employer before incurring a Recognized Break in Service of 60 months, his or her Retirement Income Account is permanently Forfeited and will not be reinstated.

(d) The benefit under this section shall be paid at the times and in the manner determined under Article X.

Sec. 9.3 Death. If a Participant's Termination of Employment is the result of death, his or her Beneficiary shall be entitled to a fully vested benefit equal to the value of the Participant's Account. Such benefit shall be paid at the times and in the manner determined under Article X. If a Participant's death occurs after his or her Termination of Employment, distribution of the balance of the Participant's Account shall be made to the Beneficiary based on the Participant's vested status at the time of his or her death and in accordance with the provisions of Article X. In either event, the value of the Participant's Accounts shall continue to be adjusted as provided in Sec. 7.4 until the entire Account has been distributed in full or Forfeited.

Sec. 9.4 No Withdrawals While Employed. Withdrawals from a Participants' Retirement Income Account cannot be made prior to Termination of Employment, death or disability.

ARTICLE X
DISTRIBUTION OF BENEFITS

Sec. 10.1 Time and Method of Payment. Except as otherwise provided in this Section or in Sec. 10.2, the benefit to which a Participant or Beneficiary may become entitled under Sec. 9.1, 9.2 or 9.3 shall be distributed at such time and according to such method as he or she elects, subject to the following:

(a) Distribution shall be made by one or a combination of the following methods, as the Participant or Beneficiary may select:

(1) Payment in a single sum.

(2) Substantially equal installments over a period not to exceed the Participant's life expectancy or the joint life expectancy of the Participant and his or her Beneficiary.

(3) A direct rollover to another eligible retirement plan or an IRA.

(b) Subject to subsection (c) below, distributions from all Accounts may occur at any time after the Participant's Termination of Employment. Distributions will be made upon receipt of proper instructions from the Participant. In that regard, the Company shall provide Participants with a distribution election (or consent) form and notice 30 to 180 days in advance of the date the first distribution is made to the Participant. These materials shall include the following:

(1) An explanation of the right to defer commencement of benefits and the consequences of failing to defer receipt of benefits; and

(2) The special tax and rollover notice referenced in Code Section 402(f).

The 30-day advance notice period may be waived by the Participant provided that the distribution of benefits still cannot commence until at least eight days after the distribution notices are provided. The Company may require Participants to apply for benefits under the Plan before benefit payments will commence. Since Participants can elect to receive benefits at any time following Termination of Employment, the requirements of Code Section 401(a)(14) are satisfied.

(c) Distributions to a Participant must begin not later than the Participant's "required beginning date". A Participant's "required beginning date" is April 1 of the Plan Year following the later of (i) the Plan Year in which the Participant attains age 70½, or (ii) the Plan Year in which the Participant's Termination of Employment occurs. If the Participant is a 5% owner, however, as described in Code Section 416, the required beginning date is April 1 following the Plan Year the Participant reaches 70½ regardless of whether he or she has had a Termination of Employment.

(d) The amount distributed to a Participant for the calendar year preceding his or her required beginning date and for each subsequent calendar year shall not be less than the amount required by Treasury Regulation Section 1.401(a)(9)-5. The distribution for the calendar year preceding the individual's required beginning date must be paid not later than the required beginning date. The distribution for each subsequent year must be paid not later than December 31 of that year.

(e) If the Participant dies after his or her required beginning date and after beginning to receive payments in installments, the remaining payments shall be made to the Beneficiary in annual amounts at least equal to the minimum amount required by Treasury Regulation Section 1.401(a)(9)-5.

(f) If the Participant dies before his or her required beginning date, the Participant's Accounts shall be distributed to the Beneficiary not later than December 31 of the year containing the fifth anniversary of the Participant's death, subject to the following:

(1) Distributions to a Beneficiary may extend beyond five years from the death of the Participant if they are in the form of installment payments over a period not exceeding the Beneficiary's life expectancy, provided such payments begin not later than December 31 of the year following the year in which the Participant's death occurred.

(2) If a Beneficiary is the surviving spouse of the Participant, payments to that surviving spouse pursuant to paragraph (1) need not commence until December 31 of the year in which the Participant would have reached age 70½.

(g) If a Beneficiary of a deceased Participant dies before receiving all benefits to which the Beneficiary is entitled under the Plan, any remaining amounts shall be paid to the Successor Beneficiary provided in Sec. 8.5.

(h) If more than one Beneficiary is entitled to benefits following the Participant's death, the interest of each Beneficiary shall be segregated into a separate Account for purposes of applying this section.

(i) Distributions shall be made in accordance with the requirements of Code Section 401(a)(9), including the incidental death benefit requirements of Code Section 401(a)(9)(G) and in accordance with Treasury Regulation Sections 1.401(a)(9)-1 through 1.401(a)(9)-9. These requirements will override any inconsistent distribution option and no distribution option otherwise permitted under this Plan will be available to a Participant or Beneficiary if such distribution option does not meet the requirements of Code Section 401(a)(9), including paragraph (G) thereof.

Sec. 10.2 Accounts Totaling $5,000 or Less. If the total value of the Accounts of the Participant (or a Beneficiary following the Participant's death) is $5,000 or less when benefit payments can commence due to Termination of Employment, disability or death, installment payments are not available. If the Participant or Beneficiary has failed to make an election between a Direct Rollover (pursuant to Sec. 10.3) or a single sum cash distribution within 90 days following receipt of his or her distribution election form, the following rules shall apply:

(a) If the total value of the Participant's Accounts is more than $1,000 but not more than $5,000 and the Participant is alive but the Participant has not reached age 65, the Company will cause the balance in the Participant's Accounts (excluding unpaid loans) to be Directly Rolled over to an individual retirement account ("IRA") designated by the Company.

(b) If the total value of the Participant's Accounts is $1,000 or less and the Participant is alive, a single-sum cash distribution shall be made to the Participant as soon as administratively feasible following the Participant's Termination of Employment, disability or death.

(c) Unless benefit payments have already commenced, if the Participant dies, a single-sum distribution equal to the total value of the Participant's Accounts shall be made to the Participant's Beneficiary as soon as administratively feasible following the Participant's death. By way of clarification, no default Direct Rollovers to IRAs pursuant to subsection (a) shall be made on behalf of Beneficiaries of deceased Participants. Surviving Beneficiaries (including non-spousal Beneficiaries) are, however, eligible to elect voluntary Direct Rollovers pursuant to Sec. 10.3. If benefit payments have already commenced, any possible remaining payments to the Beneficiary are subject to the provisions of Sec. 10.1.

(d) If the Participant Terminates Employment after Normal Retirement Age (i.e., age 65), the default rollover rules do not apply and his or her Accounts will be distributed in a single-sum cash distribution as soon as feasible following his or her Termination of Employment.

(e) The default rollover provisions of this Section do not apply to alternate payees under a Qualified Domestic Relations Order. Those distributions shall be made in a single sum cash distribution.

(f) For purposes of this Section, a Participant (or Beneficiary) is deemed to have received his or her election form five days after the form is mailed to his or her last known address.

Sec. 10.3 Direct Rollovers to IRAs and Other Eligible Plans. A distributee may elect, at the time and in the manner prescribed by the Company, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee (a "direct rollover"). The following definitions shall be used in administering the provisions of this section.

(a) Eligible Rollover Distribution. For purposes of this section, an eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee that is not in the form of substantially equal installments over the lifetime or life expectancy of the Participant (or the Participant and his or her Beneficiary) or for a period of 10 years or more.

(b) Eligible Retirement Plan. An eligible retirement plan is one of the following plans or arrangements that agrees to accept the distributee's eligible rollover contribution: (i) a qualified trust described in Code Section 401(a), (ii) an individual retirement account described in Code Section 408(a), (iii) an individual retirement annuity described in Code Section 408(b), (iv) an annuity plan described in Code Section 457(b) maintained by a governmental entity such as a state, political subdivision or a state, or agency or instrumentality of a state or political subdivision of a state that agrees to separately account for amounts transferred from this Plan, (v) a Roth IRA described in Code Section 408A, or (vi) a tax sheltered annuity contract described in Code Section 403(b).

(c) Distributee. A distributee means a Participant, a Participant's surviving spouse, a surviving non-spouse Beneficiary of the Participant, a trust maintained for the benefit of one or more designated Beneficiaries, or a former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code section 414(p). Individuals or entities other than those named in this subsection are not permitted to roll over distributions from the Plan.

(d) Direct Rollover. A direct rollover is a payment by the Funding Agency to the eligible retirement plan specified by the distributee.

(e) Direct Transfers by Non-Spousal Beneficiaries. A designated Beneficiary who is not the Participant's spouse, following the death of a Participant, may request a direct trustee to trustee transfer of his or her entire interest in the Plan, but only to an individual retirement account or annuity described in Code Sections 408(a) or 408(b) (an "IRA") that is designated as an "inherited IRA". For purposes of the preceding sentence, a designated Beneficiary includes a trust maintained for the benefit of one or more designated Beneficiaries. The transfer shall then be made as soon as practicable following the Beneficiary's request. Amounts transferred to an inherited IRA under this subsection are subject to the required minimum distribution rules of Code Section 401(a)(9). Also, any required minimum distributions that would otherwise be due to the Participant or Beneficiary shall be made to the Beneficiary before any such direct transfer is made to the inherited IRA. The inherited IRA must be established in a manner that identifies it as an inherited IRA with respect to the deceased Participant and must also identify the Beneficiary. Transfers under this Section shall be administered in accordance with applicable regulations or other guidance issued by the Department of Treasury.

Sec. 10.4 Accounting Following Termination of Employment. If distribution of all or any part of a benefit is deferred or delayed for any reason, the undistributed portion of any Account shall continue to be revalued as of each Valuation Date as provided in Article VII.

Sec. 10.5 Source of Benefits. All benefits to which persons become entitled hereunder shall be provided only out of the Fund and only to the extent that the Fund is adequate therefor. No benefits are provided under the Plan except those expressly described herein.

Sec. 10.6 Incompetent Payee. If in the opinion of the Company a person entitled to payments hereunder is disabled from caring for his or her affairs because of mental or physical condition, or age, payment due such person may be made to such person's guardian, conservator, or other legal personal representative upon furnishing the Company with evidence satisfactory to the Company of such status. Prior to the furnishing of such evidence, the Company may cause payments due the person under disability to be made, for such person's use and benefit, to any person or institution then in the opinion of the Company caring for or maintaining the person under disability. The Company shall have no liability with respect to payments so made. The Company shall have no duty to make inquiry as to the competence of any person entitled to receive payments hereunder.

Sec. 10.7 Benefits May Not Be Assigned or Alienated. Except as otherwise expressly permitted by the Plan or required by law, the interests of persons entitled to benefits under the Plan may not in any manner whatsoever be assigned or alienated, whether voluntarily or involuntarily, or directly or indirectly. However, the Plan shall comply with the provisions of any court order which the Company determines is a qualified domestic relations order as defined in Code Section 414(p). Any expenses relating to review or administration of a domestic relations order may be charged against the Accounts of the Participant and/or the alternate payee. Notwithstanding any provisions in the Plan to the contrary, an individual who is entitled to payments from the Plan as an "alternate payee" pursuant to a qualified domestic relations order may receive a lump sum payment from the Plan as soon as administratively feasible after the Valuation Date coincident with or next following the date of the Company's determination that the order is a qualified domestic relations order, unless the order specifically provides for payment to be made at a later time or in a different form of payment that is permitted under Sec. 10.1.

Sec. 10.8 Payments Pursuant to a Qualified Domestic Relations Order. Notwithstanding any provisions in the Plan to the contrary, an individual who is entitled to payments from the Plan as an "alternate payee" pursuant to a qualified domestic relations order may receive a lump sum payment from the Plan (or have a Direct Rollover made on his or her behalf pursuant to Sec. 10.3) as soon as administratively feasible after the Valuation Date coincident with or next following the date of the Company's determination that the order is a qualified domestic relations order, unless the order specifically provides for payment to be made at a later time or in a different form permitted under Sec. 10.1.

Sec. 10.9 Payment of Taxes. The Funding Agency may pay any estate, inheritance, income, or other tax, charge, or assessment attributable to any benefit payable hereunder which in the Funding Agency's opinion it shall be or may be required to pay out of such benefit. The Funding Agency may require, before making any payment, such release or other document from any taxing authority and such indemnity from the intended payee as the Funding Agency shall deem necessary for its protection.

Sec. 10.10 Conditions Precedent. No person shall be entitled to a benefit hereunder until his or her right thereto has been finally determined by the Company nor until the person has submitted to the Company relevant data reasonably requested by the Company, including, but not limited to, proof of birth or death.

Sec. 10.11 Company Directions to Funding Agency. The Company shall designate an individual or individuals to give such written directions to the Funding Agency as are necessary to accomplish distributions to the Participants and Beneficiaries in accordance with the provisions of the Plan.

ARTICLE XI
FUND

Sec. 11.1 Composition. All sums of money and all securities and other property received by the Funding Agency for purposes of the Plan, together with all investments made therewith, the proceeds thereof, and all earnings and accumulations thereon, and the part from time to time remaining shall constitute the "Fund". The Company may cause the Fund to be divided into any number of parts for investment purposes or any other purposes necessary or advisable for the proper administration of the Plan.

Sec. 11.2 Funding Agency. The Fund may be held and invested as one fund or may be divided into any number of parts for investment purposes. Each part of the Fund, or the entire Fund if it is not divided into parts for investment purposes, shall be held and invested by one or more trustees or by an insurance company. The trustee or trustees or the insurance company so acting with respect to any part of the Fund is referred to herein as the Funding Agency with respect to such part of the Fund. The selection and appointment of each Funding Agency shall be made by the Company. The Company shall have the right at any time to remove a Funding Agency, in which case the Company shall appoint a successor thereto, subject only to the terms of any applicable trust agreement or group annuity contract. The Company shall have the right to determine the form and substance of each trust agreement and group annuity contract under which any part of the Fund is held, subject only to the requirement that they are not inconsistent with the provisions of the Plan. Any such trust agreement may contain provisions pursuant to which the trustee will make investments on direction of a third party.

Sec. 11.3 Compensation and Expenses of Funding Agency. The Funding Agency shall be entitled to receive such reasonable compensation for its services as may be agreed upon with the Company. The Funding Agency shall also be entitled to reimbursement for all reasonable and necessary costs, expenses, and disbursements incurred by it in the performance of its services. Such compensation and reimbursements shall be paid from the Fund, except as specifically agreed to in writing by the Company.

Sec. 11.4 No Diversion. The Fund shall be for the exclusive purpose of providing benefits to Participants under the Plan and their beneficiaries and defraying reasonable expenses of administering the Plan. Such expenses may include premiums for the bonding of Plan officials required by ERISA. No part of the corpus or income of the Fund may be used for, or diverted to, purposes other than for the exclusive benefit of employees of the Participating Employers or their beneficiaries. Notwithstanding the foregoing:

(a) If any contribution or portion thereof is made by a Participating Employer by a mistake of fact, the Funding Agency shall, upon written request of the Company, return such contribution or portion thereof to the Participating Employer within one year after the payment of the contribution to the Funding Agency; however, earnings attributable to such contribution or portion thereof shall not be returned to the Participating Employer but shall remain in the Fund, and the amount returned to the Participating Employer shall be reduced by any losses attributable to such contribution or portion thereof.

(b) Contributions by the Participating Employers are conditioned upon initial qualification of the Plan under Code Section 401(a). If the Plan receives an adverse determination letter from the Internal Revenue Service with respect to such initial qualification, the Funding Agency shall, upon written direction of the Company, return the amount of such contribution to the Participating Employers within one year after the date of denial of qualification of the Plan; provided, however, that the application for qualification must have been submitted to the Internal Revenue Service by the time prescribed by law for filing the Employer's federal income tax return for the taxable year in which the Plan is adopted, or by such later date as the Secretary of the Treasury may prescribe. For this purpose, the amount to be so returned shall be the contributions actually made, adjusted for the investment experience of, and any expenses chargeable against, the portion of the Fund attributable to the contributions actually made.

(c) Contributions by the Participating Employers are conditioned upon the deductibility of each contribution under Code Section 404. To the extent the deduction is disallowed, the Funding Agency shall, upon written request of the Company, return such contribution to the Participating Employer within one year after the disallowance of the deduction; however, earnings attributable to such contribution (or disallowed portion thereof) shall not be returned to the Participating Employer but shall remain in the Fund, and the amount returned to the Participating Employer shall be reduced by any losses attributable to such contribution (or disallowed portion thereof).

In the case of any such return of contribution the Company shall cause such adjustments to be made to the Accounts of Participants as the Company considers fair and equitable under the circumstances resulting in the return of such contribution.

ARTICLE XII
ADMINISTRATION OF PLAN

Sec. 12.1 Administration by Company. The Company is the "administrator" of the Plan for purposes of ERISA. Except as expressly otherwise provided herein, the Company, and not the other Participating Employers, shall control and manage the operation and administration of the Plan and make all decisions and determinations incident thereto. In carrying out its Plan responsibilities, the Company shall have the discretionary authority to construe the terms of the Plan. Except in cases where the Plan expressly provides to the contrary, action on behalf of the Company may be taken by any of the following:

(a) The Board.

(b) The chief executive officer of the Company.

(c) Any person or persons, natural or otherwise, or committee, to whom responsibilities for the operation and administration of the Plan are allocated by the Company, by resolution of the Board or by written instrument executed by the chief executive officer of the Company and filed with its permanent records, but action of such person or persons or committee shall be within the scope of said allocation.

Sec. 12.2 Certain Fiduciary Provisions. For purposes of the Plan:

(a) Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan.

(b) A Named Fiduciary, or a fiduciary designated by a Named Fiduciary pursuant to the provisions of the Plan, may employ one or more persons to render advice with regard to any responsibility such fiduciary has under the Plan.

(c) To the extent permitted by any applicable trust agreement or group annuity contract a Named Fiduciary with respect to control or management of the assets of the Plan may appoint an investment manager or managers, as defined in ERISA, to manage (including the power to acquire and dispose of) any assets of the Plan.

(d) At any time the Plan has more than one Named Fiduciary, if pursuant to the Plan provisions fiduciary responsibilities are not already allocated among such Named Fiduciaries, the Company, by action of the Board or its chief executive officer, may provide for such allocation; except that such allocation shall not include any responsibility, if any, in a trust agreement to manage or control the assets of the Plan other than a power under the trust agreement to appoint an investment manager as defined in ERISA.

(e) Unless expressly prohibited in the appointment of a Named Fiduciary which is not the Company acting as provided in Sec. 11.1, such Named Fiduciary by written instrument may designate a person or persons other than such Named Fiduciary to carry out any or all of the fiduciary responsibilities under the Plan of such Named Fiduciary; except that such designation shall not include any responsibility, if any, in a trust agreement to manage or control the assets of the Plan other than a power under the trust agreement to appoint an investment manager as defined in ERISA.

(f) A person who is a fiduciary with respect to the Plan, including a Named Fiduciary, shall be recognized and treated as a fiduciary only with respect to the particular fiduciary functions as to which such person has responsibility.

Each Named Fiduciary (other than the Company), each other fiduciary, each person employed pursuant to subsection (b) above, and each investment manager shall be entitled to receive reasonable compensation for services rendered, or for the reimbursement of expenses properly and actually incurred in the performance of their duties with the Plan and to payment therefor from the Fund if not paid directly by the Participating Employers in such proportions as the Company shall determine. Notwithstanding the foregoing, no person so serving who already receives full-time pay from any employer or association of employers whose employees are Participants, or from an employee organization whose members are Participants, shall receive compensation from the Plan, except for reimbursement of expenses properly and actually incurred.

Sec. 12.3 Discrimination Prohibited. No person or persons in exercising discretion in the operation and administration of the Plan shall discriminate in favor of Highly Compensated Employees.

Sec. 12.4 Evidence. Evidence required of anyone under this Plan may be by certificate, affidavit, document, or other instrument which the person acting in reliance thereon considers to be pertinent and reliable and to be signed, made, or presented to the proper party.

Sec. 12.5 Correction of Errors. It is recognized that in the operation and administration of the Plan certain mathematical and accounting errors may be made or mistakes may arise by reason of factual errors in information supplied to the Company or Funding Agency. The Company shall have power to cause such equitable adjustments to be made to correct for such errors as the Company in its discretion considers appropriate. Such adjustments shall be final and binding on all persons. Any return of a contribution due to a mistake in fact will be subject to Sec. 11.4.

Sec. 12.6 Records. Each Participating Employer, each fiduciary with respect to the Plan, and each other person performing any functions in the operation or administration of the Plan or the management or control of the assets of the Plan shall keep such records as may be necessary or appropriate in the discharge of their respective functions hereunder, including records required by ERISA or any other applicable law. Records shall be retained as long as necessary for the proper administration of the Plan and at least for any period required by ERISA or other applicable law.

Sec. 12.7 General Fiduciary Standard. Each fiduciary shall discharge its duties with respect to the Plan solely in the interests of Participants and their beneficiaries and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Sec. 12.8 Prohibited Transactions. A fiduciary with respect to the Plan shall not cause the Plan to engage in any prohibited transaction within the meaning of ERISA.

Sec. 12.9 Claims Procedure. The Company shall establish a claims procedure consistent with the requirements of ERISA. Such claims procedure shall provide adequate notice in writing to any Participant or beneficiary whose claim for benefits under the Plan has been denied, setting forth the specific reasons for such denial, written in a manner calculated to be understood by the claimant and shall afford a reasonable opportunity to a claimant, whose claim for benefits has been denied, for a full and fair review by the appropriate Named Fiduciary of the decision denying the claim. No person claiming a benefit under the Plan may initiate a civil action regarding the claim until all steps under the claims procedure (including appeals) have been completed.

Sec. 12.10 Bonding. Plan personnel shall be bonded to the extent required by ERISA. Premiums for such bonding may, in the sole discretion of the Company, be paid in whole or in part from the Fund. Such premiums may also be paid in whole or in part by the Participating Employers in such proportions as the Company shall determine. The Company may provide by agreement with any person that the premium for required bonding shall be paid by such person.

Sec. 12.11 Waiver of Notice. Any notice required hereunder may be waived by the person entitled thereto.

Sec. 12.12 Agent for Legal Process. The Company shall be the agent for service of legal process with respect to any matter concerning the Plan, unless and until the Company designates some other person as such agent.

Sec. 12.13 Indemnification. In addition to any other applicable provisions for indemnification, the Participating Employers jointly and severally agree to indemnify and hold harmless, to the extent permitted by law, each director, officer, and employee of the Participating Employers against any and all liabilities, losses, costs, or expenses (including legal fees) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against such person at any time by reason of such person's services as a fiduciary in connection with the Plan, but only if such person did not act dishonestly, or in bad faith, or in willful violation of the law or regulations under which such liability, loss, cost, or expense arises. The Company shall have the right, but not the obligation, to select counsel and control the defense and settlement of any action against the indemnitee for which the indemnitee may be entitled to indemnification under this Section.

Sec. 12.14 Expenses of Administration. Investment management and brokerage fees shall be charged against the Participants' Accounts to which such fees are attributable. In addition, the Company may, to the extent permitted by ERISA, allocate and charge other expenses of Plan administration against Participants' Accounts. Each Participants share of such expenses (other than investment management and brokerage fees) shall be allocated to and charged against each Participant's Account based on the ratio that his or her Account balances bears to the total Account balances of all Participants in the Plan.

ARTICLE XIII
AMENDMENT, TERMINATION, MERGER

Sec. 13.1 Amendment. Subject to the non-diversion provisions of Sec. 11.4, the Company (and not the other Participating Employers) by action of the Board, or by action of a person so authorized by resolution of the Board, may amend the Plan at any time and from time to time. No amendment of the Plan shall have the effect of changing the rights, duties, and liabilities of any Funding Agency without its written consent. Also, no amendment shall divest a Participant or Beneficiary of Accounts accrued prior to the amendment.

Sec. 13.2 Permanent Discontinuance of Contributions. A Participating Employer, by action of its board of directors, may completely discontinue contributions in support of the Plan. In such event, notwithstanding any provisions of the Plan to the contrary, no employee of such employer shall become a Participant after such discontinuance. Subject to the foregoing, all of the provisions of the Plan shall continue in effect, and upon entitlement thereto distributions shall be made in accordance with the provisions of Article X.

Sec. 13.3 Reorganizations of Participating Employers. In the event two or more Participating Employers shall be consolidated or merged or in the event one or more Participating Employers shall acquire the assets of another Participating Employer, the Plan shall be deemed to have continued, without termination and without a complete discontinuance of contributions, as to all the Participating Employers involved in such reorganization and their employees. In such event, in administering the Plan the corporation resulting from the consolidation, the surviving corporation in the merger, or the employer acquiring the assets shall be considered as a continuation of all of the Participating Employers involved in the reorganization.

Sec. 13.4 Termination. A Participating Employer, by action of its board of directors, may terminate the Plan as applicable to such Participating Employer and its employees. After a termination no employee of such employer shall become a Participant. The Accounts of each Participant in the employ of such Participating Employer at the time of such termination shall be nonforfeitable, the Participant shall be entitled to a benefit equal to the value of those Accounts determined as of the Valuation Date coincident with or next following the termination of the Plan, distributions shall be made to Participants and Beneficiaries as soon as administratively practicable (and, taking into account the provisions of Sec. 13.7) after the termination of the Plan, but not before the earliest date permitted under the Code and applicable regulations, and the Plan and any related trust agreement or group annuity contract shall continue in force for the purpose of making such distributions.

Sec. 13.5 Partial Termination. If there is a partial termination of the Plan, either by operation of law, by amendment of the Plan, or for any other reason, which partial termination shall be confirmed by the Company, the Accounts of each Participant with respect to whom the partial termination applies shall be nonforfeitable. Subject to the foregoing, all of the provisions of the Plan shall continue in effect as to each such Participant, and upon entitlement thereto distributions shall be made in accordance with the provisions of Article X.

Sec. 13.6 Merger, Consolidation, or Transfer of Plan Assets. In the case of any merger or consolidation of the Plan with any other plan, or in the case of the transfer of assets or liabilities of the Plan to any other plan, provision shall be made so that each Participant and Beneficiary would (if such other plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he or she would have been entitled to receive immediately before the merger, consolidation, or transfer (if the Plan had then terminated). No such merger, consolidation, or transfer shall be effected until such statements with respect thereto, if any, required by the Code or ERISA to be filed in advance thereof have been filed and the Company has determined that the merger, consolidation, or transfer complies with the requirements of the Code and ERISA, and regulations issued thereunder.

Sec. 13.7 Deferral of Distributions. Notwithstanding any provisions of the Plan to the contrary, in the case of a complete discontinuance of contributions to the Plan or of a complete or partial termination of the Plan, the Company or the Funding Agency may defer any distribution of benefit payments to Participants and Beneficiaries with respect to which such discontinuance or termination applies (except for distributions which are required to be made under Sec. 10.1) until after the following have occurred:

(a) Receipt of a final determination from the Treasury Department or any court of competent jurisdiction regarding the effect of such discontinuance or termination on the qualified status of the Plan under Code Section 401(a).

(b) Appropriate adjustment of Accounts to reflect taxes, costs, and expenses, if any, incident to such discontinuance or termination.

ARTICLE XIV
TOP-HEAVY PLAN PROVISIONS

Sec. 14.1 Key Employee Defined. "Key Employee" means any employee or former employee (including any deceased employee) who at any time during the Plan Year that includes the determination date was an officer of the Company or an Affiliate having annual compensation greater than $160,000 (as adjusted under Code Section 416(i)(1) for Plan Years beginning after December 31, 2011), a five-percent owner of the Company or an Affiliate, or a one-percent owner of the Company having annual compensation of more than $150,000. For this purpose, annual compensation means compensation within the meaning of Code Section 415(c)(3). The determination of who is a key employee will be made in accordance with Code Section 416(i)(1) and the applicable regulations and other guidance of general applicability issued thereunder.

Sec. 14.2 Determination of Top-Heavy Status. The top-heavy status of the Plan shall be determined according to Code Section 416 and the regulations thereunder, using the following standards and definitions:

(a) The Plan is a Top-Heavy Plan for a Plan Year if either of the following applies:

(1) If this Plan is not part of a required aggregation group and the top-heavy ratio for this Plan exceeds 60 percent.

(2) If this Plan is part of a required aggregation group of plans and the top-heavy ratio for the group of plans exceeds 60 percent.

Notwithstanding paragraphs (1) and (2) above, the Plan is not a Top-Heavy Plan with respect to a Plan Year if it is part of a permissive aggregation group of plans for which the top-heavy ratio does not exceed 60 percent.

(b) The "top-heavy ratio" shall be determined as follows:

(1) If the ratio is being determined only for this Plan, or if the aggregation group only includes defined contribution plans, the top-heavy ratio is a fraction, the numerator of which is the sum of the account balances of all Key Employees under the Plan or plans as of the determination date (including any part of any account balance distributed in the five-year period ending on the determination date), and the denominator of which is the sum of the account balances (including any part of any account balance distributed in the one-year period ending on the determination date) of all employees under the Plan or plans as of the determination date. (The "Plans" referred to in the preceding sentence are the plans in the required or permissive aggregation group, as applicable.) The preceding provisions shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the Plan under Code Section 416(g)(2)(A)(i). Both the numerator and denominator

of the top-heavy ratio shall be adjusted to reflect any contribution not actually made as of the determination date but which is required to be taken into account on that date under Code Section 416 and the regulations thereunder. In the case of a distribution made for a reason other than severance from employment, death or disability, the "one-year period" shall be applied by substituting "five-year period" for "one-year period".

(2) If the determination is being made for a required or permissive aggregation group which includes one or more defined benefit plans, the top-heavy ratio is a fraction, the numerator of which is the sum of the account balances of all Key Employees under the defined contribution plan or plans and the present value of accrued benefits of all Key Employees under the defined benefit plan or plans as of the determination date, and the denominator of which is the sum of the account balances of all employees under the defined contribution plan or plans and the present value of accrued benefits of all employees under the defined benefit plan or plans as of the determination date. The account balances and accrued benefits in both the numerator and denominator of the top-heavy ratio shall be adjusted to reflect any distributions made in the one-year period ending on the determination date and any contributions due but unpaid as of the determination date, subject to the special aggregation rule for terminated plans in paragraph (1).

(3) For purposes of paragraphs (1) and (2), the value of account balances and the present value of accrued benefits will be determined as of the most recent valuation date that falls within the 12-month period ending on the determination date. The account balances and accrued benefits of an employee who is not a Key Employee but who was a Key Employee in a prior year will be disregarded. The calculation of the top-heavy ratio and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with Code section 416 and the regulations thereunder. When aggregating plans, the value of account balances and accrued benefits will be calculated with reference to the determination dates that fall within the same calendar year.

(c) "Required aggregation group" means (i) each qualified plan of the employer (including terminated plans) in which at least one Key Employee participates in the Plan Year containing the determination date, or any of the four preceding Plan Years, and (ii) any other qualified plan of the employer that enables a plan described in (i) to meet the requirements of Code Sections 401(a)(4) or 410.

(d) "Permissive aggregation group" means the required aggregation group of plans plus any other plan or plans of the employer which, when consolidated as a group with the required aggregation group, would continue to satisfy the requirements of Code Sections 401(a)(4) and 410.

(e) "Determination date" means, for any Plan Year subsequent to the first Plan Year, the last day of the preceding Plan Year. For the first Plan Year of the Plan, the last day of that year is the determination date.

(f) The "valuation date" is the last day of each Plan Year and is the date as of which account balances or accrued benefits are valued for purposes of calculating the top-heavy ratio.

(g) For purposes of establishing the "present value" of benefits under a defined benefit plan to compute the top-heavy ratio, any benefit shall be discounted only for mortality and interest based on the interest rate and mortality table specified in the defined benefit plan for this purpose.

(h) If an individual has not performed any services for the employer at any time during the one-year period ending on the determination date with respect to a Plan Year, any account balance or accrued benefit for such individual shall not be taken into account for such Plan Year.

Sec. 14.3 Minimum Contribution Requirement. For any Plan Year with respect to which the Plan is a Top-Heavy Plan, the employer contributions and Forfeitures allocated to each Active Participant who is not a Key Employee and whose Termination of Employment has not occurred prior to the end of such Plan Year shall not be less than the minimum amount determined in accordance with the following:

(a) The minimum amount shall be the amount equal to that percentage of the Participant's Compensation for the Plan Year which is the smaller of:

(1) Three percent.

(2) The percentage which is the largest percentage of Compensation allocated to any Key Employee from employer contributions and Forfeitures for such Plan Year.

(b) Any employer contribution attributable to a salary reduction or similar arrangement (including Salary Reduction Contributions and Matching Contributions under this Plan) may not be used to satisfy the minimum amount of employer contributions which must be allocated under subsection (a).

(c) This Section shall not apply to any Participant who is covered under any other plan of the employer under which the minimum contribution or minimum benefit requirement applicable to Top-Heavy Plans will be satisfied.

Sec. 14.4 Minimum Vesting Schedule. If a Participant's Termination of Employment occurs under such circumstances that he is not entitled to a benefit under the Plan because he or she is not vested, and if he was an Active Participant during a Plan Year for which the Plan was Top-Heavy Plan, he shall be entitled to a benefit under this section. Except as

modified by this section, such benefit shall be payable under the terms and conditions that would be applicable under Sec. 10.1:

(a) The monthly amount of the benefit under this section shall be an amount equal to the value of the Participant's Account under the Plan multiplied by the vested percentage determined according to the number of his or her Years of Vesting Service, as follows:

Years of Vesting Service	Vested Percentage
Less than 2	0%
2 but less than 3	20%
3 or more	100%

(b) Years of Vesting Service for purposes of this section shall be as defined in Sec. 3.4.

(c) This section shall not apply to a Participant who has no Hours of Service after the Plan becomes a Top-Heavy Plan.

(d) If the Plan ceases to be a Top-Heavy Plan and continues to be a non-Top-Heavy Plan until the Participant's Termination of Employment, the benefit to which the Participant is entitled under this section shall not exceed the benefit to which he would have been entitled if his Termination of Employment had occurred on the date of such cessation.

Sec. 14.5 Definition of Employer. For purposes of this Article XIV, the term "employer" means all Participating Employers and trade or business entity under Common Control with a Participating Employer.

Sec. 14.6 Exception for Collective Bargaining Unit. Sections 14.3 and 14.4 shall not apply with respect to any employee included in a unit of employees covered by an agreement which the Secretary of Labor finds to be a collective bargaining agreement between employee representatives and one or more employers if there is evidence that retirement benefits were the subject of good faith bargaining between such employee representative and such employer or employers.

ARTICLE XV
MISCELLANEOUS PROVISIONS

Sec. 15.1 Insurance Company Not Responsible for Validity of Plan. No insurance company that issues a contract under the Plan shall have any responsibility for the validity of the Plan. An insurance company to which an application may be submitted hereunder may accept such application and shall have no duty to make any investigation or inquiry regarding the authority of the applicant to make such application or any amendment thereto or to inquire as to whether a person on whose life any contract is to be issued is entitled to such contract under the Plan.

Sec. 15.2 Headings. Headings at the beginning of articles and sections hereof are for convenience of reference, shall not be considered a part of the text of the Plan, and shall not influence its construction.

Sec. 15.3 Capitalized Definitions. Capitalized terms used in the Plan shall have their meaning as defined in the Plan unless the context clearly indicates to the contrary.

Sec. 15.4 Gender. Any references to the masculine gender include the feminine and vice versa.

Sec. 15.5 Use of Compounds of Word "Here". Use of the words "hereof," "herein," "hereunder," or similar compounds of the word "here" shall mean and refer to the entire Plan unless the context clearly indicates to the contrary.

Sec. 15.6 Construed as a Whole. The provisions of the Plan shall be construed as a whole in such manner as to carry out the provisions thereof and shall not be construed separately without relation to the context.

Sec. 15.7 Benefits of Reemployed Veterans. Notwithstanding any provisions of this Plan to the contrary, contributions, benefits and service credit with respect to Qualified Military Service will be provided in accordance with Code Section 414(u). For this purpose:

(a) As provided by Code Section 414(u), "Qualified Military Service" means service in the uniformed services (as defined in Chapter 43 of Title 38, United States Code) by an individual if he or she is qualified under such chapter to reemployment rights with the Company or an Affiliate following such military service.

(b) "USERRA" means the Uniformed Services Employment and Reemployment Rights Act of 1994 as amended.

(c) If an individual returns to employment with the Company or an Affiliate following a period of Qualified Military Service under circumstances that he or she has reemployment rights under USERRA, and the individual reports for said

reemployment within the time frame required by USERRA, the following provisions shall apply:

(1) The Qualified Military Service shall be recognized as service under the Plan to the same extent as it would have been if the employee had remained continuously employed with the Company or an Affiliate rather than going into the military.

(2) Certified Earnings shall be determined for the individual as of each January 1 during the period of Qualified Military Service. The amount of Certified Earnings shall be determined by the Company consistent with the requirements of the USERRA, and shall reflect the Company's best estimate of the earnings the individual would have received but for the Qualified Military Service. Any military differential pay shall be treated as Certified Earnings and Testing Wages under the Plan to the extent required by USERRA.

(d) The Plan shall comply with the provisions of the Heroes Earnings Assistance and Relief Tax Act (the "HEART Act"), which amended certain provisions of USERRA. The HEART Act provides that if a Participant dies while performing "qualified military service" (as defined in USERRA), the Participant's survivors shall receive the same benefits under the Plan as if the Participant died while employed by a Participating Employer. This rule does not, however, require survivors to be provided with any additional benefit accruals relating to the period of qualified military service.

(e) The foregoing provisions are intended to provide the benefits required by USERRA and the HEART Act, and are not intended to provide any other benefits. This section shall be construed consistently with said intent.

Exhibit 10.12

CANADIAN PACIFIC

U.S. SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

TABLE OF CONTENTS

ARTICLE 1

INTRODUCTION

1.01 Establishment and Name of Plan.

The Soo Line Railroad Company (the "Company") hereby establishes, as of the Effective Date, an unfunded, deferred compensation plan for a select group of management or highly compensated employees of any Participating Company, entitled the "Canadian Pacific U.S. Supplemental Executive Retirement Plan."

1.02 Intent and Status of Plan.

The Plan is intended to be an unfunded plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees (and intended to be within the exemptions therefore in, without limitation, sections 201(2), 301(a)(3) and 401(a)(1) of ERISA and section 2520.104-23 of the U.S. Department of Labor Regulations). The Plan is intended to be "unfunded" for purposes of both ERISA and the Code. The Plan is not intended to be a qualified plan under section 401(a) of the Code; rather, the Plan is intended to be a "nonqualified" plan.

1.03 Purpose.

The purpose of this Plan is to provide a select group of management or highly compensated employees of the Participating Companies with supplemental benefits that cannot be paid to such employees from the qualified plans that are sponsored by the Company or any Participating Company on account of certain Internal Revenue Code limitations.

ARTICLE 2

DEFINITIONS

Each following word, term and phrase shall have the following respective meanings whenever such word, term or phrase is capitalized and used in any Article of this Plan unless the context clearly indicates otherwise:

2.01 **"Account" or "Participant's Account"** means the separate book reserve account established by the Participating Company pursuant to Article 4 of this Plan for each Participant to which shall be credited (added) the Participant's share of any Company Contributions and from which any distributions, any withdrawals due to an Unforeseeable Emergency, and any forfeitures shall be subtracted; and which shall be adjusted for the hypothetical earnings thereon as described in Section 4.03 hereof. All amounts (including investments, any assets represented thereby and hypothetical earnings) which are credited to such Account are credited solely for computation purposes and are at all times assets of the Participating Company and subject to the claims of the Participating Company's general creditors. A Participant's Account shall be utilized solely as a device for the determination and measurement of the amounts (subject to vesting provisions in this Plan) to be paid as deferred compensation benefits to the Participant or his beneficiary pursuant to the Plan. Any Employee or Participant shall not have at any time any interest in or to such Account or in any investment or asset thereof. A Participant's Account shall not constitute or be treated as a trust or trust fund of any kind.

2.02 **"Annual Installment Method"** means a distribution of a Participant's Account in annual installments over a stated number of years (5, 10 or 15) with each installment paid in January as soon as practicable after year-end. The amount of the installment payable following any given year-end shall be determined by valuing the Participant's Account as of the close of business on the last business day of the year and then multiplying that value by a fraction, the numerator of which is one and the denominator of which is the remaining number of annual payments. (For example, for an Annual Installment Method of 10 years, the first payment will be 1/10 of the Account, the following year, 1/9 of the Account, etc.). The Plan will limit Annual Installments to periods of 5, 10 or 15 years as selected by the Participant.

2.03 **"Basic Compensation"** means the portion of a Participant's compensation that is considered the regular compensation paid at agreed upon intervals to the Participant for services rendered and is not intended to include expense reimbursements, fringe benefits or Bonus Compensation.

2.04 **"Board"** means the Board of Directors of the Company.

2.05 **"Bonus Compensation"** means the portion of a Participant's compensation that is paid in the form of an annual performance bonus.

2.06 **"Code"** means the Internal Revenue Code of 1986, as amended from time to time.

2.07 **"Committee"** means the Committee appointed by the Board to administer the Plan pursuant to Article 7 hereof. If no such Committee has been appointed, then the term Committee shall mean the Board.

2.08 **"Company"** means the Soo Line Railroad Company, a Minnesota corporation and any business organization or company into which the Soo Line Railroad Company may be merged or consolidated or by which it may be succeeded.

2.09 **"Company Contributions"** means the amount contributed by the Company to be allocated to the Participant's Account under the terms of Article 4 herein.

2.10 **"Disability"** means "Disability as described in Code Section 409A and the regulations thereunder. A Participant shall be considered disabled if the Participant:

(a) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months;

(b) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Participating Companies; or

(c) is determined to be totally disabled by the Social Security Administration.

Whether or not a Participant has a Disability shall be determined, solely and exclusively, by the Committee.

2.11 **"Distribution Date"** means the January of the year following the earliest of the date the Participant incurs a Separation from Service, the date the Participant dies, becomes Disabled, or such other fixed date as may be elected by the Participant with respect to a Compensation Deferral Period.

2.12 **"Effective Date"** means January 1, 2013, the date the Plan was established.

2.13 **"Employee"** means a person, other than an independent contractor, who is receiving remuneration from a Participating Company for services rendered to, or labor performed for, the Participating Company (or who would be receiving such remuneration except for an authorized leave of absence).

2.14 **"Employer"** for purposes of determining a Key Employee under Section 2.19 the term Employer shall refer to Canadian Pacific Railway Limited, a publicly held company trading on the Toronto Stock Exchange and the New York Stock Exchange.

2.15 **"Entry Date"** means the Effective Date of the Plan, the first day of the month coincident with or following the date an employee is first eligible to participate in the Plan, and January 1 of each subsequent year.

2.16 **"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended from time to time.

2.17 **"Identification Date"** means for any Plan Year, the last day of the preceding Plan Year.

2.18 **"Identification Period"** means the one (1) year period beginning on the January 1st following the most recent Identification Date and ending on the next following Identification Date.

2.19 **"Key Employee"** means, as of any Identification Date, any Employee or former Employee (including a deceased former Employee) who, at any time during the Identification Period: (i) has annual Compensation exceeding $130,000 (as adjusted under Code Section 416(i)(1)(A)) and is an officer of the Employer; (ii) is a more than five (5%) percent owner of the Employer; or (iii) is a more than one (1%) percent owner of the Employer and has annual Compensation exceeding $150,000.

2.20 **"Participant"** means an eligible Employee participating in the Plan pursuant to the provisions of Article 3 hereof.

2.21 **"Participating Company"** means the Company and any subsidiary or affiliate of the Company which adopts the Plan with the Company's consent as described in Section 8.01.

2.22 **"Plan"** means this Canadian Pacific U.S. Supplemental Executive Retirement Plan, as established and set forth herein (together with any and all supplements hereto), and as amended from time to time.

2.23 **"Plan Year"** means the period beginning on the Effective Date and ending on December 31, 2013 (the initial Plan Year), and the twelve (12) consecutive month period being on each January 1 and ending on each following December 31 thereafter (the calendar year).

2.24 **"Qualified Plan"** means the Canadian Pacific U.S. Salaried Retirement Income Plan.

2.25 **"Separation from Service"** means for any Participant the occurrence of any one of the following events:

(a) The Participant is discharged by the Company;

(b) The Participant voluntarily terminates employment (including a Participant's retirement) with the Company; or

(c) The Participant dies while employed with the Company.

A Separation from Service does not occur if the Participant is on military leave, sick leave or other bona fide leave of absence if the period of leave does not exceed six (6) months or such longer period during which the Participant's right to reemployment is provided by statute or contract. If the period of leave exceeds six (6) months and the Participant's right to reemployment is not provided either by statute or contract, a

Separation from Service will be deemed to have occurred on the first day following the six (6) month period if the Company has determined that the Employee will not be reemployed. If the period of leave is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six (6) months, where the impairment causes the Participant to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a twenty-nine (29) month period of absence may be substituted for the six (6) month period.

Whether a Separation from Service has occurred is based on whether the facts and circumstances indicate that the Company and the Participant reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Participant would perform after such date (whether as an Employee or as an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an Employee or an independent contractor) over the immediately preceding thirty-six (36) month period (or the full period of services to the Company if the Participant has been providing services to the Company for less than thirty-six (36) months).

If a Participant provides services both as an Employee and as a member of the Board, the services provided as a director are not taken into account in determining whether the Participant has incurred a Separation from Service as an Employee for purposes of this Plan, unless this Plan is aggregated under Code Section 409A with any plan in which the Participant participates as a director.

All determinations of whether a Separation from Service has occurred will be made in a manner consistent with Code Section 409A and the regulations promulgated thereunder.

2.26 **"Valuation Date"** means each business day, or such other dates as the Committee, in its discretion, may designate.

2.27 **"Vested"** means a non forfeitable right to receive benefits.

ARTICLE 3

ELIGIBILITY AND PARTICIPATION

3.01 Participation.

The eligible group of Employees shall be those Employees who are officers of the Company and covered by the Qualified Plan as defined in Section 2.24, and who determined by the Committee to be eligible for participation as indicated in Appendix A, which shall be attached to and made a part of the Plan as set forth herein and which may be amended from time to time by action of the Committee. Each such eligible Employee shall become a Participant in the Plan as of the Entry Date coincident with or immediately following the provided for by the Committee.

3.02 Termination of Participation.

Participation in the Plan shall terminate when a Participant's employment with the Participating Companies terminates for any reason or upon the occurrence of any other event which causes either the forfeiture of all benefits payable hereunder or the commencement of payment of a benefit hereunder.

ARTICLE 4

ACCOUNTS

4.01 Account.

The Participating Companies shall establish and maintain for each Participant or former Participant under the Plan a book reserve account (the Account as defined in Section 2.01 hereof) for the purpose of determining future supplemental compensation payable to the Participant. The determination of the amounts in such Account shall be governed by the provisions of this Article 4.

4.02 Company Contributions

For 2013 and all years thereafter, unless otherwise modified by the Board of Directors, the amount of the Company Contribution made by the Participating Company on behalf each the Eligible Employee listed in Appendix A shall be equal six percent (6%) of Basic Compensation and six percent (6%) of Bonus Compensation that is paid during the calendar year. This amount shall be determined at the end of the Plan Year and allocated to the Participants Account in the first calendar quarter of the subsequent Plan Year.

Establishing the rate of the Company Contribution shall always be subject to the authority of the Board of Directors, but the Committee may be authorized to establish rates of Company Contributions by the Board.

4.03 Investment Credits.

At the time a Participant first becomes a Participant, the Committee shall determine the appropriate investment funds in which the Participant's Account balance shall be deemed to be invested for purposes of adjusting such Account balance to reflect income, gains, losses and expenses in accordance with this Article 4.

As of each Valuation Date, each Participant's Account will be credited with income and gains and charged with losses, expenses and distributions equal to the amount by which the Account would have been credited or charged since the prior Valuation Date (in the manner described below) had the Participant's Account been invested in the investment funds (as defined below) selected by the Committee. The adjustments made as of each Valuation Date to the Participant's Account shall be made in any equitable, uniform and nondiscriminatory manner as the Committee, in its sole discretion, may direct, provided that such method is selected for the purpose of recognizing the timing of contributions, withdrawals, distributions, forfeitures or other temporal events affecting the account values. Annual contributions to a Participant's Account determined in accordance with Section 4.02 shall generally be credited as of the date that the Company makes profit sharing contributions to the Qualified Plan for the purpose of determining investment gains or losses under this Section 4.03.

The "investment funds" shall consist of those target date funds designated by the Committee for the Company's Qualified Plan for Participant's investment elections, or similar funds as the Committee may designate. Initially, the Committee shall designate

the age appropriate target date fund for each Participant, based upon that Participant's age at the end of the prior Plan Year.

The Committee may, in its sole discretion, designate additional investment funds or terminate existing investment funds. A Participant's account shall continue to be adjusted under this Section 4.03 until completely distributed in accordance with the Participant's election.

4.04 Status of Invested Accounts.

Title to and beneficiary ownership of any assets, whether cash or investments, which the Participating Company may earmark to pay the contingent deferred compensation hereunder, shall at all times remain in the Participating Company, and any Employee, Participant or designated beneficiary or beneficiaries of an Employee or Participant shall not have any property interest whatsoever in any specific assets of the Participating Company as further provided in Article 6 hereof.

4.05 Vesting of Accounts.

(a) The Participant shall vest in his or her Account in accordance with the following schedule:

A Participant with less than 3 Years of Vesting Service as determined under the terms of the Participating Company's Qualified Plan shall be zero percent (0%) vested. A Participant with 3 or more Years of Vesting Service shall be one hundred percent (100%) vested.

Vesting in this Plan shall correspond to the Participant's vesting in his/her corresponding Qualified Plan account.

(b) In correspondence with the provisions Article IX of the Qualified Plan the Participant's Account shall be fully vested if the event of the Participant's death, Disability or attainment of normal retirement age (as defined by the Qualified Plan).

(c) The portion of a Participant's Account that is not vested shall be forfeited on the day the Participant's employment with the Participating Companies terminates.

ARTICLE 5

DISTRIBUTION OF DEFERRED COMPENSATION BENEFITS

5.01 General.

Except as otherwise expressly provided in this Plan, no withdrawal or payment shall be made from a Participant's Account except following the earliest to occur of the Participant's death, or Separation from Service with the Participating Companies. Payments shall be made in accordance with Section 5.02 unless the Participant has filed an election requesting an alternative distribution type pursuant to Section 5.03 and an alternative distribution time pursuant to Section 5.04. The portion, if any, of a Participant's Account that is not vested as of the date of the Participant's Separation from Service shall not be distributed to the Participant and shall be forfeited as described in Section 4.05(b). All payments shall be made in cash.

5.02 Default Distributions.

If a Participant terminates service with one of the Participating Companies for any of the following reasons:

- Disability
- Death
- Separation from Service

The Participant's Account shall be paid to the Participant pursuant to the Participant's election regarding payment under Section 5.03 and the Time of Distribution under Section 5.04. However, if the Participant has not delivered a valid distribution election to the Company his distribution shall be paid in the form of a lump sum distribution at the time provided for in Section 5.04.

5.03 Form of Distribution Election.

(a) A Participant shall be permitted, in accordance with such rules as the Committee may establish from time to time, to elect a time of distribution that is different from the default provisions set forth in Section 5.02 and may revoke his or her distribution election or file a new distribution election with respect to subsequent Compensation Deferral Periods (or as permitted by Section 5.05 of the Plan) with the Committee at any time, subject to paragraph (b) below. The form of distribution may consist of a lump sum or an Annual Installment Method with installment periods of 5, 10 or 15 years as elected by the Participant.

(b) In the case of a Participant making an election to defer Compensation, or Excess Contributions for the first time, a distribution election filed at the same time as the eligible Employee's initial deferral election shall be given effect even if the Participant terminates employment within 12 months of the filing. A distribution

election filed with the Committee at the same time as the Participant's initial deferral election shall be irrevocable for 12 months.

(c) If the Participant fails to make an election as to the time and date of his distribution he shall be paid in the form of a lump-sum distribution of his entire Account on his Distribution Date.

5.04 Time of Distribution.

The time of distribution shall be soon as administratively possible, but not later than ninety (90) days (with the payment date selected by the Company in its sole discretion), following the Distribution Date. The Distribution Date shall apply to all amounts payable to the Participant under the Plan.

The Company on behalf of the Participating Company or Companies shall distribute benefits on the Distribution Date elected by the Participant.

5.05 Change of Time and Form of Distribution.

In accordance with Sections 5.03 or 5.04; the Participant shall make an election governing the timing and form of distributions relative to amounts contributed to his Account prior to each Plan Year. Any election by the Participant to change the timing and form of any payment anticipated under terms of the initial election shall not take effect until at least 12 months after the date the changed election is made. Except with respect to election changes involving the time and form of distribution in the event of death or Disability any election by the Participant to change the timing and form of payment under the Plan must defer the time of payment for a period of not less than five (5) years from the date such payment would have been made prior to the election to change. Further, any election by the Participant to change the timing of a payment from the Plan from one fixed date to another fixed date, such election must be made at least twelve (12) months prior to the date of the first scheduled payment under the distribution election prior to change.

Additionally, these restrictions are such that the Participant shall not be permitted to:

(a) accelerate the timing of a distribution; or

(b) convert an election to receive a distribution in the form of installments to an election to receive the distribution in the form of a single lump sum.

5.06 Payments After Participant's Death.

If the Participant dies before his benefit under the Plan has been distributed to him, then the deferred compensation benefits otherwise payable with respect to such Participant under the Plan shall be paid in a single lump sum to the beneficiary or beneficiaries designated by the Participant as soon as administratively possible, but not later than ninety (90) days (with the payment date selected by the Company in its sole discretion), following the Participant's death.

5.07 Designation of Beneficiaries.

The Participant may designate in writing (on a form provided by the Committee and delivered to the Committee before his death) primary and contingent beneficiaries to receive any deferred compensation benefit payments which may be payable hereunder following the Participant's death and the proportions in which such beneficiaries are to receive such payments. The Participant may change such designation from time to time, and the last written designation delivered to the Committee prior to the Participant's death will control. If the Participant fails to specifically designate such a beneficiary, or if no designated beneficiary survives the Participant, or if all designated beneficiaries who survive the Participant die before all payments are made, then the remaining payments shall be made to the Participant's surviving spouse if such spouse is then living; if such spouse is not living, then to the executors or administrators of the estate of the Participant. The Committee may determine the identity of such persons and shall incur no responsibility by reason of the payment of such interest in accordance with any such determination made in good faith.

5.08 Required Delay in Payment to Key Employees.

If required under Code Section 409A (for example, the Company issues common stock publicly traded on an established securities market), a distribution made because of Separation from Service to a Participant who is a Key Employee as of the date of his Separation from Service shall not occur before the date which is six months after the Separation of Service.

For this purpose, a Participant who is a Key Employee on an Identification Date shall be treated as a Key Employee for the twelve-month period beginning on the January 1 immediately following such Identification Date. The Company may designate another date for commencement of this twelve-month period, provided that such date must follow the Identification Date and occur no later than the first day of the fourth month thereafter, provided that such designation is made in accordance with the regulations promulgated under Code Section 409A and is the same for all nonqualified deferred compensation plans of the Participating Companies.

The Company may elect to apply an alternative method to identify Participants who will be treated as Key Employees for purposes of the six-month delay in distributions if the method satisfies each of the following requirements: (i) the alternative method is reasonably designed to include all Key Employees; (ii) the alternative method is an objectively determinable standard providing no direct or indirect election to any Participant regarding its application; and (iii) the alternative method results in either all Key Employees or no more than 200 Key Employees being identified in the class as of any date. Use of an alternative method that satisfies these requirements will not be treated as a change in the time and form of payment for purposes of Section 1.409A-2(b) of the Treasury Regulations.

The six-month delay provided for in this Section 5.08 does not apply to payments made to an alternate payee pursuant to a domestic relations order described in Code Section 414(p) or to payments that occur after the death of the Participant.

ARTICLE 6

FINANCING AND UNFUNDED STATUS

6.01 Costs Borne by the Participating Companies.

The costs of administration of the Plan shall be borne by the Participating Companies. However, the Committee may elect in its discretion to charge some or all of the Plan costs to the Accounts of the Participants.

6.02 Source of Benefit Payments and Medium of Financing the Plan.

Benefits payable under the Plan to any Participant shall be paid directly by the Participating Company which employs the Participant. The Participating Company shall not be required to fund or otherwise segregate assets to be used for payment of benefits under the Plan. While the Participating Company may, in the discretion of the Committee, make investments in the funds designated by the Committee as investment funds in amounts equal or unequal to Participants' Accounts hereunder, the Participating Company shall not be under any obligation to make such investments and any such investment shall remain an asset of the Participating Company subject to the claims of its general creditors. Notwithstanding the foregoing, the Participating Company, in the discretion of the Committee, may maintain one or more grantor trusts ("trust") to hold assets to be used for payment of benefits under the Plan. The assets of the trust with respect to benefits payable to the employees of each Participating Company shall remain the assets of such Participating Company subject to the claims of its general creditors. Any payments by a trust of benefits provided to a Participant under the Plan shall be considered payment by the Participating Company and shall discharge the Participating Company of any further liability under the Plan for such payments.

6.03 Unfunded Status.

This Plan is intended to be unfunded for purposes of both ERISA and the Code.

ARTICLE 7

ADMINISTRATION

7.01 General Administration.

The Board may appoint a Committee consisting of not less than three (3) persons to administer the Plan. If the Board does not appoint a Committee, the Board shall administer the Plan and all references to the Committee shall mean the Board. Any member of the Committee may at any time be removed, with or without cause, and his successor appointed by the Chief Executive Officer of the Company, and any vacancy caused by death, resignation or other reason shall be filled by the Chief Executive Officer of the Company. The Committee shall be the plan administrator of the Plan and in general shall be responsible for the management and administration of the Plan. The Committee shall have full power to administer the Plan in all of its details (including establishing claims procedures and other rules), subject to applicable requirements of law. No member of the Committee who is an Employee of the Participating Companies shall receive compensation for his services to the Plan. The Committee shall have such duties and powers as may be necessary to discharge its duties under this Plan.

The fiscal records of the Plan shall be maintained on the basis of the Plan Year.

7.02 Committee Procedures.

The Committee may act at a meeting or in writing without a meeting. The Committee may adopt such by-laws and regulations as it deems desirable for the conduct of its affairs. All decisions shall be made by majority vote. No member of the Committee who is at any time a Participant in this Plan shall vote in a decision of the Committee (whether in a meeting or by written action) made specifically and uniquely with respect to such member of the Committee or amount, payment, timing, form or other aspect of the benefits of such Committee member under this Plan.

7.03 Facility of Payment.

Whenever, in the Committee's opinion, a person entitled to receive any payment of a benefit or installment thereof hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his financial affairs, the Committee may direct payments to such person or to his legal representative or to a relative or friend of such person for his benefit, or the Committee may direct the payment for the benefit of such person in such manner as the Committee considers advisable. Any payment of a benefit or installment thereof in accordance with the provisions of this Section shall be a complete discharge to the Committee and the Participating Companies of any liability for the making of such payment under the provisions of the Plan.

7.04 Indemnification of Committee Members.

The Participating Companies shall indemnify and hold harmless each member of the Committee against any and all liability, claims, damages and expense (including all expenses reasonably incurred in his defense in the event that the Participating Companies

fail to provide such defense upon his written request) which the Committee member may incur while acting in good faith in the administration of the Plan.

7.05 Claims Procedure.

The Committee shall make all determinations in its sole discretion as to the right of any Participant to a benefit under the Plan. Any denial by the Committee of a claim for benefits under the Plan by a claimant shall be stated in writing by the Committee and delivered or mailed to the claimant within a reasonable period of time but not later than ninety (90) days after the receipt by the Committee of his claim, unless special circumstances require an extension of time for processing the claim. If such an extension is required, written notice thereof shall be provided to the claimant before the end of this ninety (90) day period which shall indicate the special circumstances requiring the extension and the date by which the Committee expects to render a decision. In no event shall the extension exceed ninety (90) days from the end of the initial ninety (90) day period.

If a claim for benefits under the Plan is wholly or partially denied, the Committee shall notify the claimant of the denial of the claim in writing, delivered in person or mailed by first class mail to the claimant's last known address. Such notice of denial shall contain:

(a) the specific reason or reasons for denial of the claim;

(b) a reference to the relevant Plan provisions upon which the denial is based;

(c) a description of any additional material or information necessary for the claimant to perfect the claim, together with an explanation of why such material or information is necessary; and

(d) an explanation of the Plan's claim review procedure.

If no such notice is provided, and if the claim has not been granted within the time specified above for approval of the claim, the claim shall be deemed denied and subject to review as described below.

Any claimant or authorized representative of the claimant whose claims for benefits under the Plan has been denied or deemed denied, in whole or in part, may upon written notice delivered to the Committee request a review of such denial of benefits. Such claimant shall have sixty (60) days from the date the claim is deemed denied, or sixty (60 days from receipt of the notice denying the claim, as the case may be, in which to request such a review. The claimant's notice must specify the relief requested and the reason the claimant believes the denial should be reversed. In pursuing his appeal, the claimant will be permitted to submit written comments, documents, records, or other relevant information relating to his claim. In addition, the claimant will be provided, upon receipt and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to his claim.

The Committee will conduct the review of any appeal. This review will take into account all information submitted by the claimant regarding his claim, regardless of whether or

not such information was submitted or considered in the initial decision. A decision regarding such review will be made within a reasonable period of time but not later than sixty (60) days after receipt of the claimant's appeal, unless special circumstances require an extension of time for processing the claim. If such an extension is required, written notice thereof shall be provided to the claimant before the end of this sixty (60) day period which shall indicate the special circumstances requiring the extension and the date by which the Committee expects to render the final decision. In no event shall the extension exceed sixty (60) days from the end of the initial sixty (60) day period.

If the claimant's appeal is denied in whole or in part, the claimant will receive a written notification of the denial which will include (i) the specific reasons for the denial, (ii) reference to the specific Plan provisions upon which the denial was based, and (iii) a statement of the claimant's right to bring an action under ERISA. The interpretations, determinations, and decisions of the Committee shall be final and binding upon all persons with respect to any right, benefit and privilege hereunder, subject to the review procedures set forth in this Section 7.05.

Notwithstanding the foregoing, any review of an appeal of a determination with respect to a claimant's Disability must meet the following standards: (1) the review shall not afford deference to the initial adverse determination; (2) the review shall be conducted by an appropriate person who is neither the party who made the initial adverse benefit determination that is the subject of the appeal nor a subordinate of such party; (3) the review shall provide for the appropriate person to consult with health care professionals with appropriate training and experience in the field of medicine involved in the medical judgment in deciding the appeal of an adverse benefit determination that is based in whole or in part on a medical judgment; (4) the review shall provide that any health care professional engaged for purposes of making determinations under clause (3) above shall be an individual was not an individual consulted in the initial adverse benefit determination that is the subject of the appeal nor a subordinate of such party; (5) the claimant shall have one-hundred eighty (180) days to request a review of the initial adverse benefit determination; and (6) the review shall provide for the identification of the medical or vocational experts whose advice was obtained in connection with the claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the determination. Furthermore, the ninety (90) day period described in these procedures regarding the time period during which the Committee will make its initial decision regarding a claim shall be reduced to forty-five (45) days in the case of a claim of the claimant's Disability. This forty-five (45) day period may be extended by thirty (30) days if the Committee determines the extension is necessary due to circumstances outside the control of the Plan and the claimant is notified prior to the end of the forty-five (45) day period. If prior to the end of the thirty (30) day extension period, the Committee determines that additional time is necessary, the period may be extended for a second thirty (30) day period, provided the claimant is notified prior to the end of the first thirty (30) day period, provided the claimant is notified prior to the end of the first thirty (30) day extension period and such notice specifies the circumstances requiring the extension and the date as of which the Plan expects to render a decision. In addition, the sixty (60) day period described in these procedures regarding the time period during which the Board will make its decision regarding a claimant's appeal shall be reduced to forty-five (45) days with respect to the appeal of the denial of the

claimant's claim of Disability. The forty-five (45) day period may be extended by an additional forty-five (45) days if the Board determines the extension is necessary due to circumstances outside the control of the Plan, and the claimant is notified prior to the end of the initial forty-five (45) day period.

ARTICLE 8

PARTICIPATING COMPANY PARTICIPATION

8.01 Adoption of Plan.

Any subsidiary or affiliate of the Company may, with the approval of the Company and under such terms and conditions as the Committee may prescribe, adopt the Plan by filing with the Company a resolution of its Board of Directors to that effect. The Company may amend the Plan as necessary or desirable to reflect the adoption of the Plan by an employer, provided however, that an adopting employer shall not have the authority to amend or terminate the Plan under Article 9.

8.02 Participating Company Accounting.

If a trust is established pursuant to Section 6.02, the Committee shall maintain a bookkeeping account in the name of each Participating Company which, pursuant to rules established by the Committee, will reflect:

(a) deposits made by that Participating Company to the trust;

(b) income, losses, and appreciation or depreciation in the value of trust assets resulting from investment of the trust to the extent such items are attributable to such Participating Company's deposits;

(c) payments made from the trust to Participants employed or formerly employed by that Participating Company (or to their beneficiaries) in the form of benefits payable to them under the Plan, or to its creditors; and

(d) any other amounts charged to that Participating Company's account, including its share of compensation and expenses.

8.03 Withdrawal from the Plan by Participating Company.

Any such Participating Company shall have the right, at any time, upon the approval of and under such conditions as may be provided by the Committee, to withdraw from the Plan by delivering to the Committee written notice of its election to withdraw. Upon receipt of such notice by the Committee, the portion of the deferral account of Participants and beneficiaries attributable to amounts deferred while the Participants were Employees of such withdrawing Participating Company, plus any net earnings, gains and losses on such amounts, shall be segregated from the trust at the direction of the Committee in cash at such time or times as the Committee, in its sole discretion, may deem to be in the best interest of such Employees and their beneficiaries. To the extent the amounts held in the trust for the benefit of such Participants and beneficiaries are not sufficient to satisfy the Participating Company's obligation to such Participants and their beneficiaries accrued on account of their employment with the Participating Company, the remaining amount necessary to satisfy such obligation shall be an obligation of the Participating Company, and the Company and the other Participating Companies shall have no further obligation to such Participants and beneficiaries with respect to such amounts.

If as a result of a corporate transaction the withdrawing Participating Company is no longer a member of the same controlled group of employers with the Company as defined in Code Section 414(b) or 414(c), then after the Participant Accounts of Employees of the withdrawing Participating Company are segregated, that Participating Company may establish a separate plan, and it may maintain that separate plan or terminate that plan consistent with Section 9.02.

ARTICLE 9

AMENDMENT AND TERMINATION OF PLAN

9.01 Power to Amend.

The Plan may be amended by the Board at any time, but no such amendment or modification shall deprive any current or former Participant or Beneficiary of all or any portion of his Account which had accrued prior to the Amendment. Such amendment shall be in writing and authorized by the Board. Notwithstanding the foregoing, the Company may amend this Plan in any manner that it deems necessary to comply with Code Section 409A or Department of the Treasury guidance published with respect thereto.

9.02 Power to Terminate.

The Plan may be terminated by the Company under one of the following conditions:

(a) The Company may terminate the Plan at its sole discretion, provided that:

(i) All arrangements sponsored by the Company that would be aggregated with this Plan under Section 1.409A-1(c)(2) of the regulations promulgated under Code Section 409A are terminated with respect to all participants;

(ii) No payments will be made, other than those otherwise payable under the terms of the Plan absent a Plan termination, within twelve (12) months of the termination of the Plan;

(iii) All payments will be made within twenty-four (24) months of such termination;

(iv) The Company does not adopt a new arrangement that would be aggregated with any terminated arrangement under Code Section 409A and the regulations thereunder at any time within the three year period following the date of termination of the Plan, and

(v) The termination does not occur proximate to a downturn in the financial health of the Company.

(b) The Company, at its discretion, may terminate the Plan within twelve (12) months of a corporate dissolution taxed under Code Section 331, or with the approval of a bankruptcy court pursuant to 11 U.S.C. §503(b)(1)(A), provided that amounts deferred under the Plan are included in the gross income of Participants in the latest of the following years (or, if earlier, the taxable year in which the amount is actually or constructively received):

(i) The calendar year in which the Plan termination occurs;

(ii) The first calendar year in which the amount is no longer subject to a substantial risk of forfeiture; or

(iii) The first calendar year in which the payment is administratively practicable.

(c) The Company may amend the Plan to provide that termination of the Plan will occur under such conditions and events as may be prescribed by the Secretary of the Treasury in generally applicable guidance published in the Internal Revenue Bulletin.

A Plan termination shall not reduce the amounts credited to the Account of any Participant or the vesting of any Participant, determined as of the date of such termination. Such termination shall be in writing and authorized by the Board.

9.03 No Liability for Plan Amendment or Termination.

Neither the Company, nor any officer, nor any Board member thereof shall have any liability as a result of the amendment or termination of the Plan. Without limiting the generality of the foregoing, the Company shall have no liability for terminating the Plan notwithstanding the fact that a Participant may have expected to have future allocations made on Participant's behalf hereunder had the Plan remained in effect.

ARTICLE 10

GENERAL PROVISIONS

10.01 Limitation of Rights.

Neither the establishment of this Plan nor any amendment thereof, nor the payment of any benefits, will be construed as giving to any Employee, Participant, beneficiary, or other person any legal or equitable right against the Participating Companies, except as provided herein. Neither the establishment of this Plan nor any amendment thereof, nor the payment of benefits, nor any action taken with respect to this Plan shall confer upon any person the right to be continued in the employment of the Participating Companies or their subsidiaries or affiliates.

10.02 No Assignment or Alienation of Benefits.

Generally, the rights of a Participant, former Participant, beneficiary or any other person to payment of benefits under this Plan shall not be assigned, transferred, anticipated, conveyed, pledged or encumbered except by will or the laws of descent or distribution; nor shall any such right be in any manner subject to levy, attachment, execution, garnishment or any other seizure under legal, equitable or other process for payment of any debts, judgments, alimony, or separate maintenance, or reached or transferred by operation of law in the event of bankruptcy, insolvency or otherwise. Provided, however, that a Participant shall have the right to designate in writing and in accordance with the provisions of Section 5.07 hereof primary and contingent beneficiaries to receive benefit payments subsequent to the death of the Participant.

Regardless of any other restrictions on assignment and alienation of benefits found in this Section 10.02 the Plan Administrator shall comply with a valid court ordered domestic relations order as provided for under §1**.409A**-3(j)(4) of the Treasury Regulations. Furthermore, the Plan may accelerate the timing of distributions from this Plan to comply with the terms of a valid domestic relations order without regard to the restrictions on the timing of distributions in Article V herein.

10.03 Successors.

The provisions of this Plan shall be binding upon and inure to the benefit of the Participating Companies, their successors, and assigns, and each Participant and his heirs, executors, administrators and legal representatives. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the assets of a Participating Company, and successors of any such company or other business entity.

10.04 Governing Law.

The provisions of this Plan shall be interpreted and construed according to the laws of the State of Minnesota to the extent not preempted by ERISA.

10.05 Headings.

The headings and subheadings of articles and sections are included solely for convenience of reference, and if there be any conflict between such headings and the text of the Plan, then the text of the Plan shall control.

10.06 Gender and Number.

Whenever any words are used herein in the masculine, feminine or neutral gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

10.07 Severability of Provisions.

The provisions of this Plan are severable, and should any provision be ruled illegal, unenforceable or void, all other provisions not so ruled shall remain in full force and effect.

IN WITNESS WHEREOF, the Company has caused this Plan to be duly executed for and on behalf of the Company by its duly authorized officers on this the __6__ day of December, 2013.

SOO LINE RAILROAD COMPANY

By: /s/ W. M. Tuttle

Title: VP-Corporate

By: /s/ Peter Edwards

Title: VP HR and IR

ATTEST:

APPENDIX A
TO THE
CANADIAN PACIFIC U.S. SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Pursuant to the provisions of the Canadian Pacific U.S. Supplemental Executive Retirement Plan (the "Plan"), the following additional Classifications of Employees of any Participating Company who are in a select group of management or highly compensated employees, have been designated by the Board of Directors as eligible to participate in the Plan on the following respective dates:

Classification	Date Designated Eligible to Participate
An Employee classified as a Level 43 Employee by the Company	Effective Date of Plan

FIRST AMENDMENT
TO THE
CANADIAN PACIFIC U.S. SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Pursuant to the authority provided in Section 9.01 of the Canadian Pacific U.S. Supplemental Executive Retirement Plan, Board of Directors of Soo Line Railroad Company hereby amends the Plan effective as of November 14, 2013 as follows:

1. Section 2.03 of the Plan shall be deleted and replaced with the following revised Section 2.03:

   2.03 "Basic Compensation" means the portion of a Participant's compensation that is considered the regular compensation paid at agreed upon intervals to the Participant for services rendered and is not intended to include expense reimbursements, fringe benefits or Bonus Compensation.

   Effective November 14, 2013, if an Employee transfers employment from Canadian Pacific Railroad to a Participating Company herein and is determined to become eligible to participate in this Plan as a result of such transfer, his or her Basic Compensation shall include regular compensation received from Canadian Pacific Railway paid within the Plan Year prior to the transfer at the sole discretion of Employer.

2. Section 2.05 of the Plan shall be deleted and replaced with the following revised Section 2.05:

   2.05 "Bonus Compensation" means the portion of a Participant's compensation that is paid in the form of an annual performance bonus.

   Effective November 14, 2013, if an Employee transfers employment from Canadian Pacific Railroad to a Participating Company herein and is determined to become eligible to participate in this Plan as a result of such transfer, his or her Bonus Compensation for the Plan Year of such transfer shall include the bonus payment or portion thereof received from Canadian Pacific Railway prior to the transfer at the discretion of the Employer.

3. Appendix A to the Canadian Pacific U.S. Supplemental Executive Retirement Plan shall be deleted and replaced with the attached Appendix A – as revised effective January 1, 2014.

IN WITNESS WHEREOF, the Company has caused this First Amendment to the Canadian Pacific U.S. Supplemental Executive Retirement Plan to be duly executed for and on behalf of the Company by its duly authorized officers on this the _____ day of _____, 2015.

SOO LINE RAILROAD COMPANY

By: _____

Title: _____

SECOND AMENDMENT
TO THE
CANADIAN PACIFIC U.S. SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Pursuant to the authority provided in Section 9.01 of the Canadian Pacific U.S. Supplemental Executive Retirement Plan, Board of Directors of Soo Line Railroad Company hereby amends the Plan retroactively effective back to January 1, 2014 as follows:

Section 4.02 of the Plan shall be deleted and replaced with the following revised Section 4.02:

4.02 Company Contributions

(a) Executive Compensation Contribution

For 2014 and all years thereafter, unless otherwise modified by the Board of Directors, the amount of the Executive Compensation Contribution made by the Participating Company on behalf each the Eligible Employee listed in Appendix A shall be equal six percent (6%) of Basic Compensation and six percent (6%) of Bonus Compensation that is paid during the calendar year. This amount shall be determined at the end of the Plan Year and allocated to the Participants Account in the first calendar quarter of the subsequent Plan Year.

(b) Excess Annual Retirement Contribution

A Participant's Excess Annual Retirement Contribution amount for any Plan Year commencing on or after the Effective Date shall be equal to (1) minus (2), where:

(1) is the amount that would have been credited to the Participant's Annual Retirement Contribution Account under the Section 5.1 of Qualified Plan for such Plan Year (exclusive of earnings) if the limitations imposed under Code Sections 401(a)(17) did not apply to the Participant; and

(2) is the actual amount credited to the Participant's Annual Retirement Contribution Account under Section 5.1 of the Qualified Plan for such Plan Year (exclusive of earnings).

The Excess Annual Retirement Contribution amount shall be determined at the end of the Plan Year and allocated to the Participants Account in the first calendar quarter of the subsequent Plan Year.

Establishing the rate of all the Company Contributions under this Section 4.02 shall always be subject to the authority of the Board of Directors, but the Committee may be authorized to establish rates of Company Contributions by the Board.

IN WITNESS WHEREOF, the Company has caused this Second Amendment to the Canadian Pacific U.S. Supplemental Executive Retirement Plan to be duly executed for and on behalf of the Company by its duly authorized officers on this the _____ day of _____, 2015.

SOO LINE RAILROAD COMPANY

By: _____

Title: _____

Exhibit 10.13

RESTRICTED SHARE UNIT PLAN FOR ELIGIBLE EMPLOYEES OF CANADIAN PACIFIC RAILWAY LIMITED

In effect August 2, 2011, amended February 21, 2013

1. PREAMBLE AND DEFINITIONS

1.1 **Title.**

The Plan described in this document shall be called the “Restricted Share Unit Plan for Eligible Employees of Canadian Pacific Railway Limited”.

1.2 **Purposes of the Plan.**

The purposes of the Plan are:

a. to promote a further alignment of interests between employees and the shareholders of the Corporation;
b. to associate a portion of employees’ compensation with the returns achieved by shareholders of the Corporation over the medium term; and
c. to retain key talent with critical knowledge, experience and expertise required by the Corporation.

1.3 **Definitions.**

1.3.1 **“Applicable Law”** means any applicable provision of law, domestic or foreign, including, without limitation, applicable tax and securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder, and Stock Exchange Rules.

1.3.2 **“Beneficiary”** means, subject to Applicable Law, the person who has been designated by an Eligible Employee, in such form and manner as the Plan Administrator may determine, to receive benefits payable under the Plan upon the death of the Eligible Employee, or, where no such designation is validly in effect at the time of death, the Eligible Employee’s estate.

1.3.3 **“Board”** means the Board of Directors of the Corporation.

1.3.4 **“Cause”** in respect of an Eligible Employee means

(a) the continued failure by the Eligible Employee to substantially perform his or her duties in connection with his or her employment by, or service to, the Corporation or any Subsidiary (other than as a result of physical or mental illness) after the Corporation or any Subsidiary has given the Eligible Employee reasonable written notice of such failure and a reasonable opportunity to correct it;
(b) the engaging by the Eligible Employee in any act which is materially injurious to the Corporation or any Subsidiary or their reputation, financially or otherwise;
(c) the engaging by the Eligible Employee in any act resulting or intended to result, directly or indirectly, in personal gain to the Eligible Employee at the expense of the Corporation or any Subsidiary;
(d) the conviction of the Eligible Employee by a court of competent jurisdiction on any charge involving fraud, theft or moral turpitude by the Eligible Employee in connection with the business of the Corporation or any Subsidiary; or

(e) any other conduct that constitutes 'cause' at common law in Canada or 'cause' or similar concept under Applicable Law or contract in the United States, as applicable.

1.3.5 **"Change in Control"** means the occurrence of any of the following events:

(a) the initial acquisition by any person, or any persons acting jointly or in concert (as determined by the *Securities Act* (Alberta)), whether directly or indirectly, of voting securities of the Corporation which, together with all other voting securities of the Corporation held by such person or persons, constitutes, in the aggregate, more than 20% of all outstanding voting securities of the Corporation;

(b) an amalgamation, arrangement, or other form of business combination of the Corporation with another corporation which results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination;

(c) a sale, disposition, lease or exchange to or with another person or persons (other than a Subsidiary) of property of the Corporation representing 50% or more of the net book value of the assets of the Corporation, determined as of the date of the most recently published audited annual or unaudited quarterly interim financial statements of the Corporation; or

(d) a change in the composition of the Board over any twelve month period commencing after the applicable Grant Date such that more than 50% of the persons who were directors of the Corporation at the beginning of the period are no longer directors at the end of the period, unless such change is as a result of normal attrition.

1.3.6 **"Corporation"** means Canadian Pacific Railway Limited and any successor corporation whether by amalgamation, merger or otherwise.

1.3.7 **"Eligible Employee"** means such employee of the Corporation or a Subsidiary as the Plan Administrator may designate as eligible to participate in the Plan.

1.3.8 **"Employed"** means, with respect to an Eligible Employee, that:

(a) he is performing work at a workplace of the Corporation or a Subsidiary or at one or more locations approved by the Corporation or a Subsidiary (in this section 1.3.8, an "approved workplace"); or he is not actively at work at an approved workplace due to an approved leave of absence where the period of leave is less than twelve months; or

(b) he is not actively at work at an approved workplace due to an approved leave of absence where the period of leave is at least twelve months.

For greater certainty, except as expressly provided herein, an individual whose employment has been terminated without Cause by the Corporation or a

Subsidiary shall not be considered to be “Employed” for purposes of the Plan during any statutory, contractual or common law notice period and shall be considered to have ceased to be “Employed” for purposes of the Plan on the date on which he or she receives notice of termination of employment from the Corporation or a Subsidiary, as the case may be. Notwithstanding the foregoing, an individual who receives a notice of termination of employment from the Corporation or a Subsidiary shall continue to be considered “Employed” for the purposes of the Plan while he continues to perform work at an approved workplace during a working notice period.

1.3.9 **“Grant”** means a grant of RSUs made pursuant to Section 4.1.

1.3.10 **“Grant Agreement”** means an agreement between the Corporation and an Eligible Employee in respect of an RSU granted under the Plan, as contemplated by Section 4.1, together with such schedules, amendments, deletions or changes thereto as are permitted under the Plan.

1.3.11 **“Grant Date”** means the effective date of a Grant.

1.3.12 **“Market Value”** means, with respect to any particular date, the average closing price per Share on the Stock Exchange during the immediately preceding 30 Trading Days; provided that if the date in respect of which the Market Value is to be calculated occurs after a Change in Control and the Shares do not then trade on a Stock Exchange, the reference date for such calculation shall not be the applicable Vesting Date but rather the effective date of the Change in Control.

1.3.13 **"Plan"** means this Restricted Share Unit Plan for Eligible Employees of Canadian Pacific Railway Limited, including any schedules or appendices hereto, as amended, supplemented and/or restated from time to time.

1.3.14 **“Plan Administrator”** means the Board, the Management Resources and Compensation Committee of the Board, the President and Chief Executive Officer of the Corporation, or such other person who may be appointed by the Board or the Management Resources and Compensation Committee of the Board to, among other things, interpret, administer and implement the Plan.

1.3.15 **“RSU” (or “Restricted Share Unit”)** means a right, granted to an Eligible Employee, to receive the cash equivalent of the Market Value of one Share in accordance with the terms and conditions of the Plan.

1.3.16 **“RSU Account”** has the meaning set out in Section 5.1.

1.3.17 **“Retirement”** means the Eligible Employee’s cessation of employment with the Corporation or a Subsidiary, as applicable, at or after the normal or early retirement age established by the Corporation or a Subsidiary from time to time,

where the Eligible Employee gives notice to the Corporation or a Subsidiary in accordance with the retirement policy established by the Corporation or a Subsidiary from time to time.

1.3.18 **"Share"** means a common share of the Corporation and such other share as may be substituted for it as a result of amendments to the articles of the Corporation, arrangement, reorganization or otherwise, including any rights that form a part of the common share or substituted share.

1.3.19 **"Stock Exchange"** means the Toronto Stock Exchange, or if the Shares are not listed on the Toronto Stock Exchange, such other stock exchange on which the Shares are listed, or if the Shares are not listed on any stock exchange, then the over-the-counter market.

1.3.20 **"Stock Exchange Rules"** means the applicable rules of any stock exchange upon which the Shares are listed.

1.3.21 **"Subsidiary"** means any corporation that is a subsidiary of the Corporation as defined in the *Canada Business Corporations Act*.

1.3.22 **"Trading Day"** means any date on which the Stock Exchange is open for the trading of Shares and on which Shares are actually traded.

1.3.23 **"Vesting Date"** means, with respect to a Grant, the date in the future determined by the Plan Administrator at the time of the Grant for the vesting of applicable RSUs.

1.3.24 **"Vesting Period"** means the period commencing on the Grant Date and ending on the Vesting Date.

2. CONSTRUCTION AND INTERPRETATION

2.1 **Gender, Singular, Plural** In the Plan, references to the masculine include the feminine; and references to the singular shall include the plural and vice versa, as the context shall require.

2.2 **Governing Law.** The Plan shall be governed and interpreted in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, and any actions, proceedings or claims in any way pertaining to the Plan shall be commenced in the courts of the Province of Alberta.

2.3 **Severability.** If any provision or part of the Plan is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.

2.4 **Headings, Sections.** Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions herein

contained. A reference to a section or schedule shall, except where expressly stated otherwise, mean a section or schedule of the Plan, as applicable.

3. EFFECTIVE DATE AND EMPLOYMENT RIGHTS

3.1 **Effective Date.** The Corporation is establishing the Plan effective on August 2, 2011.

3.2 **No Employment Rights.** Nothing contained in the Plan shall be deemed to give any person the right to continue as an employee of the Corporation or of a Subsidiary.

4. GRANTS

4.1 **Grant of RSUs.** Subject to the provisions of the Plan and such other terms and conditions as may be prescribed by the Board or the Management Resources and Compensation Committee of the Board, the Plan Administrator may, from time to time, grant RSUs to any Eligible Employee in such number and with effect from such date as the Plan Administrator may specify. Each Grant and the participation of an Eligible Employee in the Plan may be evidenced by a Grant Agreement between the Corporation and the Eligible Employee in a form approved by the Plan Administrator.

Participation in the Plan by any Eligible Employee shall be construed as acceptance by the Eligible Employee of the terms and conditions of the Plan and all rules and procedures adopted hereunder, as amended from time to time.

Vesting Terms. RSUs shall vest at such time and be subject to such other terms and conditions as may be determined by the Plan Administrator and set forth in the applicable Grant Agreement.

4.2 **Administration.** The Plan Administrator shall administer the Plan in accordance with its terms. Subject to and consistent with the terms of the Plan, in addition to any authority of the Plan Administrator specified under any other terms of the Plan, the Plan Administrator shall have full and complete discretionary authority to:

(i) interpret the Plan and Grant Agreements;
(ii) prescribe, amend and rescind such rules and regulations and make all determinations necessary or desirable for the administration and interpretation of the Plan and Grant Agreements;
(iii) determine those Eligible Employees who may be granted RSUs, grant one or more RSUs to such Eligible Employees and approve or authorize the applicable form and terms of the related Grant Agreements;
(iv) determine the terms and conditions of RSUs granted to any Eligible Employee, including,
    (A) the number of RSUs subject to a Grant,
    (B) the Vesting Period applicable to a Grant,
    (C) the circumstances upon which an RSU shall be forfeited, cancelled or expire and

(D) the consequences of an Eligible Employee ceasing to be Employed with respect to an RSU;

(v) amend the terms of any outstanding RSU granted under the Plan, provided that such amendment shall not materially adversely affect the rights of an Eligible Employee without the consent of such Eligible Employee; and

(vi) determine whether, and the extent to which, adjustments shall be made pursuant to Section 5.3 and the terms of any such adjustments.

4.3 **Effects of Plan Administrator's Decision**. Any interpretation, rule, regulation, determination or other act of the Plan Administrator hereunder shall be made in its sole discretion and shall be conclusively binding upon all persons.

4.5 **Liability Limitation**. No member of the Board or the Management Resources and Compensation Committee of the Board, nor any individual Plan Administrator, shall be liable for any action or determination made in good faith pursuant to the Plan or any instrument of grant evidencing any RSU granted under the Plan. To the fullest extent permitted by law, the Corporation and its Subsidiaries shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding in respect of the Plan by reason of the fact that such person is or was a member of the Board or the Management Resources and Compensation Committee of the Board, or is or was a Plan Administrator.

4.6 **Delegation and Administration**. The Plan Administrator may, in its discretion, delegate such of its powers, rights and duties under the Plan, in whole or in part, to any one or more directors, officers or employees of the Corporation as it may determine from time to time, on terms and conditions as it may determine, except the Plan Administrator shall not, and shall not be permitted to, delegate any such powers, rights or duties to the extent such delegation is not consistent with Applicable Law. The Plan Administrator may also appoint or engage a trustee, custodian or administrator to administer or implement the Plan or any aspect of it, except that the Plan Administrator shall not, and shall not be permitted to, appoint or engage such a trustee, custodian or administrator to the extent such appointment or engagement is not consistent with Applicable Law.

5. ACCOUNTS, DIVIDEND EQUIVALENTS AND REORGANIZATION

5.1 **RSU Account.** An account, called an "RSU Account", shall be maintained by the Corporation, or a Subsidiary, as specified by the Plan Administrator, for each Eligible Employee and will be credited with such number of RSUs as are granted to an Eligible Employee from time to time pursuant to Section 4.1 and any dividend equivalent RSUs granted pursuant to Section 5.2. RSUs that fail to vest (including pursuant to Section 6), or that are paid out to the Eligible Employee or his Beneficiary, shall be cancelled and shall cease to be recorded in the Eligible Employee's RSU Account as of the date on which such RSUs are cancelled under the Plan.

5.2 **Dividend Equivalent RSUs.** Unless otherwise specified in the Grant Agreement, each Grant shall be deemed to provide for the accrual of dividend equivalent amounts for the account of an Eligible Employee as hereinafter provided with respect to cash dividends paid in the ordinary course to shareholders in respect of outstanding Shares. Subject to the terms of the Grant Agreement, if and when cash dividends are paid with respect to Shares (other than any extraordinary dividend) to shareholders of record as of a record date occurring during the applicable Vesting Period, a number of additional RSUs shall be automatically granted to the Eligible Employee who is a party to such Grant Agreement in such number equal to the product of (i) the cash dividend paid with respect to a Share multiplied by (ii) the number of RSUs subject to such Grant (including related dividend equivalent RSUs granted pursuant to this Section 5.2 prior to the applicable record date) as of the record date for the dividend, divided by the closing price of a Share on the Stock Exchange on the date on which the dividend is paid. The additional RSUs granted to an Eligible Employee shall be subject to the same terms, including vesting and settlement terms, as the corresponding RSUs.

5.3 **Adjustments.** In the event of any stock dividend, stock split, combination or exchange of Shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any other change in the capital of the Corporation affecting the Shares, such proportionate adjustments, if any, as the Plan Administrator in its discretion may deem appropriate to reflect such change, shall be made with respect to the number of RSUs outstanding under the Plan.

6. VESTING AND SETTLEMENT OF SHARE UNITS

6.1 **Settlement.** Subject to Section 6.3, RSUs shall vest upon, and be settled upon or as soon as reasonably practicable following (but in no event later than 30 days after), the Vesting Date applicable to such RSUs. Settlement of vested RSUs shall be made by payment in cash, subject to payment or other satisfaction of all related withholding obligations in accordance with Section 9.3 and the terms of the applicable Grant Agreement, of an aggregate amount equal to the product of A multiplied by B, where:

"A" equals the Market Value on the Vesting Date; and

"B" equals the number of RSUs then being settled**.**

6.2 **Failure to Vest.** An Eligible Employee shall have no right to receive a cash payment or any other compensation with respect to any RSUs that do not vest in accordance with the terms and conditions of the Plan.

6.3 **Continued Employment**. Subject to Sections 4.2, 6.4 and 6.5, RSUs relating to a Grant shall vest and be settled in accordance with Section 6.1 provided that

the Eligible Employee is Employed on the Vesting Date in respect of such Grant. For greater certainty, an Eligible Employee shall not be considered to be Employed on a Vesting Date if, prior to such Vesting Date, such Eligible Employee received a payment in lieu of notice of termination of employment, whether under a contract of employment, as damages or otherwise (the Corporation and its Subsidiaries do not intend to and shall not make payments in lieu of notice as a substitute for RSUs that are subject to taxation under the U.S. Code (as defined below)). Further, in the event an Eligible Employee has been Employed in accordance with section 1.3.8(b) during the Vesting Period in respect of a Grant, the number of RSUs relating to such Grant that become vested on a Vesting Date shall be determined by the formula A x B/C, where

"A" equals the total number of RSUs relating to such Grant that would have vested had the Eligible Employee been Employed in accordance with section 1.3.8(a) throughout such Vesting Period;

"B" equals the total number of months during such Vesting Period in which the Eligible Employee was Employed in accordance with section 1.3.8(a) (rounded up to the nearest whole number of months); and

"C" equals the total number of months in the Vesting Period relating to such Grant.

6.4 **Termination of Employment for Cause and Resignation and Retirement**
In the event an Eligible Employee's employment is terminated for Cause by the Corporation, or a Subsidiary, as applicable, or the Eligible Employee otherwise ceases to be Employed for any reason other than as provided in Section 6.5, each prior to the Vesting Date relating to a Grant, unless otherwise determined by the Plan Administrator in connection with the Retirement of an Eligible Employee (in which case the Eligible Employee shall be deemed instead to have ceased to be Employed by reason of termination of employment without Cause under Section 6.5), no RSUs relating to such Grant and no dividend equivalent RSUs in respect of such RSUs shall vest.

6.5 **Termination of Employment without Cause and Death**
Unless otherwise determined by the Plan Administrator, in the event an Eligible Employee ceases to be Employed by reason of termination of employment without Cause or death prior to the Vesting Date relating to a Grant, a number of RSUs (the "Pro-Rated RSUs") determined by the formula A x B/C, where

"A" equals the total number of RSUs relating to such Grant, being the number of RSUs credited to the Eligible Employee's RSU Account as at the Grant Date in respect of such Grant;

"B" equals the total number of months between the first day of the Vesting Period for such Grant and the date the Eligible Employee ceases to be Employed (rounded up to the nearest whole number of months); and

“C” equals the total number of months in the Vesting Period relating to such Grant,

together with any dividend equivalent RSUs relating to such Pro-Rated RSUs, shall be eligible to become vested RSUs subject to satisfaction or waiver by the Plan Administrator of any conditions relating to such Grant. Pro-Rated RSUs under this Section 6.5 that become vested RSUs (including dividend equivalent RSUs relating to such Pro-Rated RSUs) shall be settled in accordance with Section 6.1; provided that (i) the date on which the Eligible Employee ceases to be Employed by reason of death shall be deemed to be the Vesting Date for purposes thereof, (ii) for RSUs that are not subject to taxation under the U.S. Code (as defined below), the date on which the Eligible Employee ceases to be Employed by reason of termination of employment without Cause shall be deemed to be the Vesting Date for purposes thereof, and (iii) if the date on which the Eligible Employee ceases to be Employed by reason of termination of employment without Cause occurs after a Change in Control, “B” shall be deemed to equal “C”.

6.6 **Change in Control**
In the event of a Change in Control prior to the Vesting Date relating to a Grant, RSUs subject to such Grant shall not be affected and shall continue to vest as per the terms hereof, unless an Eligible Employee ceases to be Employed by reason of termination of employment without Cause after such a Change in Control, in which case 100% of such Eligible Employee’s RSUs (including any dividend equivalent RSUs) shall vest on the applicable Vesting Date and there shall be no pro-rata vesting thereof. Section 6.5 has been drafted to provide for the foregoing and this Section 6.6 is included solely for clarification purposes.

7. CURRENCY
7.1 **Currency.** Except where expressly provided otherwise, all references in the Plan to currency refer to lawful Canadian currency.

8. SHAREHOLDER RIGHTS
8.1 **No Rights to Shares.** RSUs are not Shares and the grant of RSUs will not entitle an Eligible Employee to any shareholder rights, including, without limitation, voting rights, dividend entitlement or rights on liquidation.

9. MISCELLANEOUS

9.1 **Compliance with Laws and Policies.** The Corporation's issuance of any RSUs and its obligation to make any payments is subject to compliance with Applicable Laws. Each Eligible Employee shall acknowledge and agree (and shall be conclusively deemed to have so acknowledged and agreed by participating in the Plan) that the Eligible Employee will, at all times, act in strict compliance with Applicable Law and all other laws and any policies of the Corporation applicable to the Eligible Employee in connection with the Plan including, without limitation, furnishing to the Corporation all information and undertakings as may be required to permit compliance with Applicable Law.

9.2 **Section 409A of U.S. Internal Revenue Code of 1986, as amended (the "U.S. Code").** All RSUs that are subject to taxation under the U.S. Code are intended to comply with the requirements of Section 409A of the U.S. Code, and the Plan shall be interpreted and construed consistently with such intent. The Corporation makes no representation that payments under this Plan comply in all respects with Section 409A of the U.S. Code and each Eligible Employee is solely responsible for all tax liability with respect to any payments hereunder, except to the extent that the Corporation has withheld applicable taxes from such payments.

9.3 **Withholdings.** So as to ensure that the Corporation or a Subsidiary, as applicable, will be able to comply with the relevant provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, including on the amount, if any, includable in the income of an Eligible Employee, the Corporation, or a Subsidiary, as applicable, shall withhold or cause to be withheld from any amount payable to an Eligible Employee, either under this Plan, or otherwise, such amount as may be necessary to permit the Corporation or the Subsidiary, as applicable, to so comply.

9.4 **No Additional Rights.** Neither the designation of an employee as an Eligible Employee nor the grant of any RSUs to any Eligible Employee entitles any person to the grant, or any additional grant, as the case may be, of any RSUs under the Plan.

9.5 **Amendment, Termination.** The Plan may be amended, supplemented, restated or terminated at any time by resolution of the Board or the Management Resources and Compensation Committee of the Board in whole or in part, without the consent of any Eligible Employee, provided that no such change may materially adversely affect the rights of any such Eligible Employee, without the consent of the Eligible Employee, with respect to RSUs that have been granted as of the date on which the aforementioned resolution is passed.

9.6 **Administration Costs.** The Corporation will be responsible for all costs relating to the administration of the Plan.

9.7 **Unfunded Obligation.** The obligation to make payments that may be required to be made under the Plan will be an unfunded and unsecured obligation of the Corporation or a Subsidiary, as applicable, unless otherwise determined by the Corporation. The Plan, or any provision thereunder, shall not create (or be construed to create) any trust or other obligation to fund or secure amounts payable under the Plan in whole or in part.

10. ASSIGNMENT

10.1 **Assignment.** The assignment or transfer of RSUs or any other benefits under this Plan shall not be permitted other than by operation of law.

CANADIAN PACIFIC

Policy 3411
Short Term Incentive Plan

Short Term Incentive Plan (STIP)

Non-Unionized Employees (Canada) and US Salaried Employees

Issuing Department: Human Resources

Policy Statement

Canadian Pacific offers a Short Term Incentive Plan (the "Plan"), to recognize the contribution that each regular, non-unionized and US salaried employee makes to the Railway's achievement of its business objectives.

Accountability

The Management Resources and Compensation Committee of the Board of Directors of Canadian Pacific Railway (the "Committee") has complete authority to interpret and define individual and group eligibility and to establish rules and regulations required to properly administer the Plan. The Board may also suspend, amend or terminate this Plan at any time.

On an annual basis, managers are responsible for guiding their employees in the objective setting process. Managers must conduct regular progress reviews throughout the year, evaluate performance against objectives at year end and report results to Human Resources.

Employees are responsible for setting and striving to achieve their annual performance objectives and for soliciting performance feedback from their managers.

Human Resources is responsible for interpreting this policy, guiding its administration and supporting employees and managers applying the policy.

Process and Application

Plan Year

The Plan Year runs from January 1 to December 31.

Eligibility

Regular employees who participate in the Company's non-unionized compensation program are eligible to participate in the Plan provided they join the Plan prior to October 1st in their first year of participation.

Employees must complete three (3) months (65 working days) of cumulative active service in the Plan year in order to be

eligible for a STIP payout.

Transfers and Joint Ventures	Employees transferred or seconded to employers participating in a joint venture with CP may be designated as participants in the Plan by the Company.
Temporary Replacements	Unionized employees who temporarily assume a non-unionized position will be eligible for STIP, provided the temporary assignment commences prior to October 1st of the Plan year and has a minimum continuous duration of three (3) months (65 working days) in the Plan year.
Plan Objectives	The objectives of the Plan are: • to tie a part of the employee's compensation directly to CP's results; • to reward the achievement of individual and team objectives that support CP's achievement of its annual business plans and long-term strategy; and • to maintain the competitiveness of CP's compensation program.
Ending Participation	Participation in the Plan ends when the employee reverts to a unionized position at the Company's request, retires or terminates their employment with CP. Employees who revert to a unionized position at their own initiative prior to payout will not be eligible for a STIP award.
Target Award Levels	For each Plan Year the Committee establishes the various classes of participants, the weighting of each performance measure assigned to each class and the Target Award Levels. Employee level determines their Target Award Levels. Target Award Levels are expressed as a percentage of annual salary and are the basis for calculating STIP awards.
Weighting of Corporate Individual Components	Individual STIP awards are based on two components, individual and corporate. STIP award payouts are based on an employee's group and weighting category at year end. The following table outlines the weighting for corporate and individual performance for the various management levels in

the organization:

LEVEL	CORPORATE	INDIVIDUAL
Level A to F	75%	25%
Level 1	60%	40%
Level 2 to 6	50%	50%

Assessing PMP Objectives

The individual component of STIP awards is tied directly to the individual's PMP objectives established under the Performance Management Program (PMP). A PMP rating (from Unsatisfactory to Outstanding) will be assigned to each of the individual's PMP objectives.
The performance ratings are determined on the basis of three dimensions:

1. achievement of objectives against the standards and measures established for each objective;
2. context of performance throughout the year; and
3. peer clustering of employees into a distribution profile established by the Company.

The context of performance dimension considers the "how" of the achievement and adds a necessary judgmental component to the assessment process. The demonstration of company values must be considered.

Taking the three dimensions into account, through the calibration process, an overall PMP rating and an overall STIP attainment level, based on the scales below, are determined for the employee's individual performance component.

Overall PMP Rating	Overall STIP Attainment Level
Outstanding	170% - 200%
Exceeds	125% - 165%
Achieved	90% - 110%
Partially Achieved	50% - 85%
Unsatisfactory	0%

Potential Corporate Payout Levels

Annually, the Committee establishes the performance criteria, the weighting assigned to each performance criterion and corporate performance target levels for the STIP Program.

Each corporate performance criterion will have three levels of performance and payout.

a) Exceptional Level - 200% of Target Award Level assigned to the corporate component where the actual CP performance meets or exceeds the exceptional level established by the Committee;

b) Target Level - 100% of Target Award Level assigned to the corporate component where the actual CP performance meets the target level established by the Committee;

c) Threshold Level - 50% of Target Award Level assigned to the corporate component when the actual CP performance level for the Plan Year is at the threshold level established by the Committee; and

Where the actual CP performance falls between the threshold and exceptional levels, the payout level will be prorated.

Where the actual CP performance falls below the threshold level, no awards will be paid under the corporate component.

Corporate Hurdle

For each Plan Year, the Committee establishes a minimum level of corporate performance, below the threshold level, called the corporate hurdle. If the Company's performance falls below this hurdle, no awards will be paid under the individual or corporate components.

Individual Hurdle

If individual performance levels are unsatisfactory, no award will be paid to the individual under the corporate or individual components.

In addition, the CEO has the discretion to not pay an award for the corporate component in any individual instance.

CP Net Loss

The Committee has the discretion to adjust the amount of awards so that payment of awards under the Plan does not

result in a net loss for CP. No awards will be paid if CP has a net loss for the Plan Year.

Calculation of Awards	Awards are calculated by performing the following calculation: Target Award Level multiplied by the weighting for the individual component, multiplied by the annual salary in effect at the end of the Plan Year, multiplied by the STIP attainment level **added to** the Target Award Level, multiplied by the weighting for the corporate component, multiplied by the annual salary in effect at the end of the Plan Year, multiplied by the weighting of the performance measure, multiplied by the payout level. This calculation is repeated for each of the Company's performance measures. For sample STIP calculations, see Appendix 1.
Payment of Awards	Awards to be paid out in any Plan Year, will be paid as soon as possible after CP financial results are determined, the Committee has approved a payout, and the participants' performance has been assessed under PMP.
Joining Plan Before October 1st	New entrants prior to October 1 of the plan year will have their award for that year prorated based on the length of time they have been a member of the Plan.
Leaving the Plan Before April 1st	Employees who cease participation in the Plan prior to April 1 of the Plan Year will not be eligible for any STIP Award for the Plan Year.
Leaves of Absence	Leaves of absence (LOA) are those periods when an employee is not actively at work i.e. short or long term disability, personal, maternity, parental, educational leaves. Participants who take a leave of absence greater than 30 consecutive days (22 working days) during the year will have their award prorated based on the length of time in active service during the year. Potential STIP Awards will be held for participants who take a

	personal (non-medical or educational) leave of absence. Eligibility for STIP will be determined at the end of the LOA. If the participant decides not to return it will be considered a voluntary resignation and the participant will not be eligible for a STIP Award. The payment of any STIP Award will only occur when the participant returns from the LOA.
Transfers	Participants transferring on or after April 1st of the Plan Year to a position to which this plan does not apply will have their award prorated based on the length of time in the eligible position.
Termination without Cause	Participants whose employment is terminated by the Company without cause on or after April 1st of the Plan Year will continue to participate in the Plan until their last day actively at work. If all program conditions are met, (i.e. Company performance and individual performance warrants a payout), they will receive a prorated award based on the length of time they participated in the plan during the year.
Retirements	Employees that retire on or after April 1 of the plan year without a severance payment are eligible for a prorated STIP award provided: • they are at least 55 years of age with a minimum of 10 years of service from their last hire date • have provided the required 3 month notice of retirement as outlined in Retirement Policy 8101
Termination for Cause	Employees who are terminated for cause during the year will not receive an award for the year in which their employment ended. They will also not be eligible to receive any award not yet paid at the time of their termination for cause.
Resignation	Employees who resign prior to the STIP payout date will not be eligible for an award for the previous or current plan year.
Death	When a participant dies on or after April 1st of the Plan Year, if all program conditions are met, a prorated award based on the length of their membership in the Plan during the year will be

paid to the participant's estate.

Administration

Setting PMP Objectives	The STIP cycle begins with the establishment of PMP Objectives. In discussion with their manager and/or team leader, participants are responsible for the development of their PMP objectives and assigning weightings.
Assigning Weights	PMP objectives are weighted according to their relative importance. The total value of all PMP objectives must equal 100%.
Reporting Results	By the end of January, annually, managers should have STIP attainment levels reported to Human Resources for the previous Plan Year.
Additional Information	For additional information, please contact your HR Field Representative or Employee Services by e-mail at Employee_Services@cpr.ca, or toll free at 1 (866) 319-3900.

Peter Edwards
Vice President
Human Resources and Labour Relations

Cross Reference	Policy 2210 - Employment Categories Policy 3001 - Compensation Program Policy 5611 - Performance Management Program Policy 8503 - Compensation & Benefits for Unionized Employees who Temporarily Assume Non-Unionized Positions Policy 8101 - Retirement Policy Policy 3410 – Annual Salary Program (U.S. only disclaimer: This policy statement represents the current policy and practice of CP regarding the Short Term Incentive Plan for non-unionized employees and may be

changed from time to time by CP without notice. Nothing in this policy is intended to create any contract, agreement or other obligation by CP with any of its employees.)

APPENDIX 1 - Sample STIP Calculations

Level 5 with annual salary of $65,000, PMP rating of Achieves at 100%				
Target Award Level	**Individual Component**	**Annual Salary**	**PMP Rating %**	**Individual Component Award**
10%	50%	$65,000	100%	$3250
Added to				
Target Award Level	**Corporate Component**	**Annual Salary**	**Corporate Component %**	**Corporate Component Award**
10%	50%	$65,000	100% (at target)	$3,250
STIP Award total				**$6,500**

Level 4 with annual salary of $85,000, PMP rating of Exceeds at 125%				
Target Award Level	**Individual Component**	**Annual Salary**	**PMP Rating %**	**Individual Component Award**
15%	50%	$85,000	125%	$7,969
Added to				
Target Award Level	**Corporate Component**	**Annual Salary**	**Corporate Component %**	**Corporate Component Award**
15%	50%	$85,000	50% (Threshold)	$3,188
STIP Award total				**$11,157**

Level 3 with annual salary of $105,000, PMP rating of Achieves at 110%				
Target Award Level	**Individual Component**	**Annual Salary**	**PMP Rating %**	**Individual Component Award**
17.5%	50%	$105,000	110%	$10,106

Added to				
Target Award Level	**Corporate Component**	**Annual Salary**	**Corporate Component %**	**Corporate Component Award**
17.5%	50%	$105,000	0% (Below Threshold)	$0
STIP Award total				**$10,106**

Exhibit 10.15

Pension Plan

Rules

Consolidated as at
January 1, 2009

Canadian Pacific Railway Company
Pension Plan

Canadian Pacific Railway Company Pension Plan

INDEX

INDEX

Continued

1.01 The Rules

This document constitutes the rules governing the Canadian Pacific Railway Company Pension Plan.

1.02 Governing Law

This Plan and all rights and obligations hereunder shall be construed, governed and administered in accordance with the laws of Canada, except for those rights and obligations that are solely within the jurisdiction of a province or other competent authority.

1.03 Prior Rights

Any rights acquired under the Plan before January 1, 1987 shall be preserved and this Plan shall be administered accordingly. For greater certainty, nothing herein shall be deemed to affect any benefit that has commenced or is to commence in consequence of a termination, retirement or death of a Member or Former Member before that date unless otherwise expressly provided.

1.04 Defined Contribution Provision

The Company hereby continues the Plan in an amended form, effective January 1, 2001. This amended form establishes in Appendix B, a defined contribution provision for Management Employees. It further provides for a limited time transfer by Management Employees of benefits accrued under the defined benefit provisions of the Plan to the defined contribution provisions of Appendix B in accordance with paragraph 4.03.

1.05 Checkerboard Approach to Pension Benefits

Effective April 1, 2005, the Plan was amended to implement a "checkerboard" approach to pension benefits for Members who have transferred between Union positions or between a Union position and a Management position since the various applicable "Key Dates". Refer to Article 1A for a description of the checkerboard approach to pension benefits.

The amendments to reflect the checkerboard approach to pension benefits were first reflected in the April 1, 2005 restatement of the Plan document.

1.06 Consolidation of Plan Document

This Plan document is a consolidation of the Plan rules incorporating all amendments to the Plan up to January 1, 2009. It applies to Members accruing Pensionable Service on or after April 1, 2005 and for Members with a Date of Cessation of Membership on or after April 1, 2005. For Members with a Date of Cessation of Membership prior to April 1, 2005, benefit entitlements are determined pursuant to the Plan rules and related amendments in effect prior to this date.

1A.01 Principles of the Checkerboard Approach

The key principles of the checkerboard approach to pension benefits are as follows:

(a) A "Key Date" and a "Member Key Date" are defined in Article 2. The Key Date refers to the first date past service formula pensions were improved under the Plan for Members represented by a Union, or January 1, 2001 in respect of Management Employees. Each Member shall have one Member Key Date;

(b) Pensionable Service prior to a Member Key Date is treated according to the Union or Management affiliation at the Member Key Date;

(c) Periods of Pensionable Service after a Member Key Date are segmented according to the Union or Management affiliation for that time period;

(d) The pension formula applicable to periods of Pensionable Service is determined according to the current provisions applicable to the particular Union, regardless of when the Pensionable Service was accrued or whether currently represented by such Union. For clarity, pension formula improvements apply retroactively to all periods of Pensionable Service only if the Member has been continuously represented by the same Union since the Key Date or since the Member's date of employment, if later;

(e) In addition to the pension formula, the following other Plan provisions also follow the checkerboard approach:

- Highest Plan Earnings and Base Earnings related thereto,
- Normal Retirement Date,
- Early retirement pension(s),
- Normal form of pension,
- Indexation eligibility and amount, and
- Vesting.

Certain other provisions (optional forms of pension, including any portability option on retirement and any entitlement to a pension on Disability Retirement Date) will be based on the Member's Union or Management affiliation at Date of Cessation of Membership, while other provisions (Member contribution rates, interest on Member contributions and buyback provisions, as set out in Article 17) will be based on the Member's Union or Management affiliation at that point in time (referred to as "current location").

Definitions

In this Plan, unless the context otherwise requires:

2.01 Act

"Act" means the Pension Benefits Standards Act, 1985, as amended from time to time;

2.02 Actuarially Equivalent

"Actuarially Equivalent" means of equivalent value to any pension, computed on the basis of interest, mortality and other contingencies and tables adopted by the Committee for such purposes on the advice of the Actuary and in effect on the date such computation is being made, and "Actuarial Equivalent" has the corresponding meaning. Notwithstanding the foregoing, the Committee may adopt a basis that eases administration of the Plan, including the use of unisex factors, provided that such basis is not precluded by the Act, the Regulations or the Income Tax Act (Canada) and regulations thereunder.

2.03 Actuary

"Actuary" means an individual who is retained by the Committee to provide such actuarial advice and services as may be required from time to time for the purposes of the Plan and who is a Fellow of the Canadian Institute of Actuaries;

2.04 American Act

"American Act" means the Railroad Retirement Act or the Social Security Act of the United States, both as amended from time to time;

2.05 Average Year's Maximum Pensionable Earnings

"Average Year's Maximum Pensionable Earnings" means the average of the Year's Maximum Pensionable Earnings throughout the period used in computing a Member's Highest Plan Earnings;

2.06 Averaged Incentive Compensation

"Averaged Incentive Compensation" means, subject to subparagraph 5.01(g), an amount calculated as follows:

(a) for each of the ten (10) calendar years preceding the earlier of:

(i) the year of a Member's Date of Cessation of Membership,

and

(ii) the year in which the Member commenced a pre-retirement leave of absence,

determine the percentage that the Member's Deemed PIP Award or any amounts paid under such other incentive plan as determined by the Company in respect of that year is of the Member's Base Earnings for that year;

(b) average the five (5) highest percentages obtained under subparagraph (a);

(c) where the average obtained under subparagraph (b) exceeds the level of target award under the Performance Incentive Plan, expressed as a percentage of salary, of the Member for the earlier of:

(i) the year of the Member's Date of Cessation of Membership,

and

(ii) the year in which the Member commenced a pre-retirement leave of absence,

reduce the results obtained under subparagraph (b) by the excess; and

(d) multiply the percentage obtained under subparagraph (b) or (c), as the case may be, by the amount described in subparagraph (a) of the definition of Highest Plan Earnings in respect of the Member.

This provision shall apply to periods of Management Service.

2.07 Base Earnings

"Base Earnings" means, subject to subparagraph 5.01(g):

(a) for a Management Employee electing to participate in the sales incentive compensation program sponsored by the Company, the lesser of:

(i) the Management Employee's Earnings if he had elected to participate in the Performance Incentive Plan instead of the sales incentive compensation program, and

(ii) the salary or wages, including overtime and Deemed Earnings, and incentive pay paid to a Member by the Company, or

(b) for all other Employees, the Member's Earnings.

(c) For purposes of clause (a)(ii) and subparagraph (b) above, in respect of Members whose Date of Cessation of Membership is on or after January 1, 2002 and whose salary or wages are paid in a currency other than Canadian currency, such salary or wages, including overtime and Deemed Earnings, and incentive pay, if applicable, shall be converted to Canadian currency based on the average exchange rate for the calendar year the salary or wages were paid.

2.08 Board

"Board" means the board of directors of Canadian Pacific Railway Company;

2.09 Canadian Average Industrial Wage

"Canadian Average Industrial Wage" means the "average wage" as that term is defined in the Revenue Rules.

2.10 Canadian Employee

"Canadian Employee" means an Employee in respect of whom contributions are required to be made under the Canada Pension Plan or the Quebec Pension Plan or in respect of whom such contributions would be required to be made except for the application of the age or earnings limitations of such plans;

2.11 Committee

"Committee" means the committee established pursuant to paragraph 3.02;

2.12 Company

"Company" means Canadian Pacific Railway Company;

2.13 Consumer Price Index

"Consumer Price Index" means

(a) with respect to any pension payable in Canadian currency, the Consumer Price Index for Canada, as published by Statistics Canada under the authority of the Statistics Act, or, if for any reason that index is discontinued, becomes unavailable or is amended so as no longer to be, in the opinion of the Committee, appropriate for the purposes of the Plan, such index as shall be approved by the Committee; or

(b) with respect to any pension payable in currency other than Canadian currency, such index of consumer prices in the country in the currency of which the pension is paid as may be approved by the Committee from time to time;

2.14 Date of Cessation of Membership

"Date of Cessation of Membership" means the date determined in accordance with paragraph 4.07;

2.15 Deemed Earnings

"Deemed Earnings" means

(a) in respect of any Employee who ceases membership in the Plan with less than sixty (60) months of Pensionable Service, for any calendar month or part thereof before the Employee became a Member, the basic rate of pay on a monthly basis for the position held by the Employee when the Employee became a Member multiplied by the Canadian Average Industrial Wage for the month in question and divided by the Canadian Average Industrial Wage for the month in which the Employee became a Member;

(b) for any period when a Member is temporarily absent due to a compensable injury suffered in the course of employment, or when a Member is temporarily absent on account of illness, or when a Member is on leave due to child care responsibilities, including maternity leave, granted by the Company pursuant to the Canada Labour Code, or when a Member is on compassionate care leave, granted by the Company pursuant to the Canada Labour Code, the salary or wages the Member would have received during that period if not absent or on leave, as the case may be;

(c) For periods of TCRC-MWED Service, CPPA Service, TC/USWA Service, IBEW Service and RCTC Service when a Member is disabled for the purpose set out in subparagraph 6.01(c), the salary or wages the Member would have received during that period if not disabled.

(d) for any period of lay-off described in subparagraph 6.01(d) or subparagraph 6.01(g), the basic salary or wages of the Member at the commencement of that period;

(e) for any period when a Member is absent on leave for a purpose set out in paragraph 6.03, the salary or wages the Member would have received during that period if not on leave;

(f) for any period when a Member is absent on leave for one (1) calendar year or more for a purpose set out in subparagraph 6.05(a), the lower of:

(i) the salary or wages of the highest paid employee junior to the Member, for the year in question, where the Member holds seniority rights and whose position the Member could have attained under the collective agreement, and

(ii) the actual earnings of the Member; and

(g) for any period when a Member is absent on leave for the purpose set out in subparagraph 6.05(a) for a period of less than one (1) calendar year, or for the purpose set out in subparagraph 6.05(b), the salary or wages the Member would have received during that period if not on leave;

2.16 Deemed PIP Award

"Deemed PIP Award" means:

(a) for a Management Employee electing to participate in the sales incentive compensation program sponsored by the Company, the salary or wages, including overtime and Deemed Earnings, and incentive pay paid to a Member by the Company minus the Member's Base Earnings, and

(b) for all other Employees, the Member's actual award under the Performance Incentive Plan.

2.17 Defined Benefit Limit

"Defined Benefit Limit" has the same meaning as in the Income Tax Regulations (Canada);

2.18 Defined Contribution Provision

"Defined Contribution Provision" means the defined contribution provision of the Plan as described in Appendix B.

2.19 Disability Retirement Date

"Disability Retirement Date" means a date determined in accordance with subparagraph 7.03(c);

2.20 Early Retirement Date

"Early Retirement Date" means a date determined in accordance with paragraph 7.02;

2.21 Earnings

(a) "Earnings" means the salary or wages paid to a Member by the Company, and includes overtime and Deemed Earnings. For clarity, any Skilled Trades Wage Adjustment received by the Member on or after March 1, 2008 is included in Earnings. For required *Income Tax Act* pension adjustment reporting purposes only, earnings shall be annualized on a basis adopted by the Company for such purpose;

(b) Earnings shall be modified to include incentive pay for periods of Union Service,

(i) on and after January 1, 2004, other than TCRC-RTE Service, and

(ii) on and after July 1, 2008, for TCRC-RTE Service.

(c) Notwithstanding the foregoing, in respect of Members whose Date of Cessation of Membership is on or after January 1, 2002 and whose salary or wages are paid in a currency other than Canadian currency, Earnings means the salary or wages paid to a Member by the Company, including overtime and Deemed Earnings, converted into Canadian currency based on the average exchange rate for the calendar year the salary or wages were paid.

2.22 Election Date

"Election Date" means October 31, 2000 or such other date as may be prescribed by the Company in respect of a class of Management Employees.

2.23 Employee

"Employee" means a person who is employed by the Company or by another employer that participates in the Plan, or a person covered by this Plan by virtue of an agreement between the Company and another employer relating to the protection and administration of pension benefits of that person or of a group of persons of which that person is a member; but, after December 31, 1995, does not mean a person who is a member or who is eligible to be a member of the Canadian Pacific Limited Pension Plan for Corporate Employees;

2.24 Employment Security Benefits

"Employment Security Benefits" means employment security benefits, including enhanced supplemental unemployment benefits, provided under an agreement between the Company and a Union as listed in Appendix A;

2.25 Former Member

"Former Member" means a person who has ceased membership in the Plan;

2.26 The Fund

"Fund" means the Canadian Pacific Railway Company Pension Trust Fund;

2.27 Highest Plan Earnings

"Highest Plan Earnings" means:

(a) For periods of TCRC-RTE Service and, subject to subparagraphs (d) and (e), Management Service, the greater of:

(i) (A) with respect to a Member engaged to work on a full-time basis, the average monthly Base Earnings of the Member during the sixty (60) months ending with the month in which the Date of Cessation of Membership occurs,

(B) with respect to a Member engaged to work on a part-time basis, an amount equal to the sum of the Base Earnings of the Member during the one thousand two hundred and sixty (1,260) days of Pensionable Service ending with the day on which the Date of Cessation of Membership occurs divided by sixty (60), and

(ii) the average monthly Base Earnings of the Member during the highest-paid five (5) consecutive calendar years of the Member's Service while a Member.

(b) For all other periods of Pensionable Service, the greater of:

(i) (A) with respect to a Member engaged to work on a full-time basis, the average monthly Base Earnings of the Member during the sixty (60) months ending with the month in which the Date of Cessation of Membership occurs,

(B) with respect to a Member engaged to work on a part-time basis, an amount equal to the sum of the Base Earnings of the Member during the one thousand two hundred and sixty (1,260) days of Pensionable Service ending with the day on which the Date of Cessation of Membership occurs divided by sixty (60), and

(ii) the average monthly Base Earnings of the Member during the highest-paid sixty (60) consecutive calendar months of the Member's Service while a Member.

(c) For clarity, for periods of Union Service, Highest Plan Earnings shall be determined separately for periods of:

(i) Union Service, other than TCRC-RTE Service,

(A) prior to January 1, 2004, where Base Earnings do not include incentive pay, and

(B) on and after January 1, 2004, where Base Earnings include incentive pay, as set out in subparagraph 2.21(b)

and

(ii) TCRC-RTE Service,

(A) prior to July 1, 2008, where Base Earnings do not include incentive pay, and

(B) on and after July 1, 2008, where Base Earnings include incentive pay, as set out in subparagraph 2.21(b).

(d) (i) For periods of Management Service on and after January 1, 2001, Highest Plan Earnings shall be modified to include Averaged Incentive Compensation.

(ii) For a Member who was a Middle Manager/Executive on or after January 1, 2008 and who had become a Middle Manager/Executive prior to October 1, 2008, Highest Plan Earnings shall be modified in respect of periods of Management Service prior to January 1, 2001 to include Averaged Incentive Compensation, except that no Deemed PIP Awards (or other incentive plan payments) received prior to January 1, 2001 shall be recognized for purposes of calculating the average of the five highest percentages referenced in subparagraph 2.06(b).

(e) Notwithstanding subparagraph (d), a Management Employee who becomes employed in a position covered by a collective agreement with a Union shall, in respect of periods of Management Service accrued on and after January 1, 2001, have Highest Plan Earnings determined as the greater of:

(i) Highest Plan Earnings plus Average Incentive Compensation, both determined based on Base Earnings, Deemed PIP Award and the level of target award under the Performance Incentive Plan, determined as if the Management Employee had ceased to be a Member on the last day of employment as a Management Employee, and

(ii) Highest Plan Earnings determined according to such definition for the respective Union.

(f) Highest Plan Earnings shall be determined separately for periods of Pensionable Service:

(i) prior to March 1, 2008, where Base Earnings exclude any Skilled Trades Wage Adjustment received by the Member, and

(ii) on and after March 1, 2008, where Base Earnings do not exclude the Skilled Trades Wage Adjustment.

2.28 Interest

"Interest" means interest at

(a) zero percent (0%) per annum for the period before July 1, 1971,

(b) three percent (3%) per annum for the period from July 1, 1971 to December 31, 1986, and

(c) such rate per annum as shall be fixed from time to time by the Committee for the period after December 31, 1986;

Notwithstanding subparagraph (c), effective January 1, 2001, Interest in respect of periods of time during which a Member is a Management Employee means:

(d) for Members who have not yet terminated employment, retired or died on December 31st of any calendar year, the rate of investment return earned by the portion of the Fund in respect of the defined benefit provisions for the calendar year as determined by the Company, subject to a minimum of zero percent (0%), or

(e) for Members who terminate employment, retire, or die within a calendar year, the rate of investment return earned by the portion of the Fund in respect of the defined benefit provisions for the preceding calendar year as determined by the Company, subject to a minimum of zero percent (0%).

2.29 Key Date

"Key Date" means the date, as set out in the table below, used to determine a Member's affiliation for periods of Pensionable Service prior to such date for purposes of determining pension benefits under the checkerboard approach, as described in paragraph 1.05 and Article 1A:

Affiliation	**Key Date**
CAW-TCA	January 1, 1998
CPPA	January 1, 2000
IBEW	April 1, 1999
RCTC	January 1, 2000
TCRC-RTE	January 1, 1999
TCRC-MWED	January 1, 2001
TC/USWA	March 1, 1999
Management	January 1, 2001

2.30 Late Retirement Date

"Late Retirement Date" means a date determined in accordance with subparagraph 7.04(b);

2.31 Lifetime Pension

"Lifetime Pension" means the pension determined in accordance with the provisions of Article 8.

2.32 Management or Management Employee

"Management" or "Management Employee", as the case may be, refers to or means an Employee who is in a position not covered by a collective agreement with a Union and excludes unionized employees temporarily assuming a position not covered by a collective agreement.

2.33 Management Service

"Management Service" means the period or periods of Pensionable Service on or after the Member Key Date during which the Member is a Management Employee plus Pensionable Service accrued prior to the Member Key Date if the Member was a Management Employee on the Member Key Date.

2.34 Maximum Deemed Service

"Maximum Deemed Service" means, on a cumulative basis, sixty (60) months excluding Parental Leave and ninety-six (96) months including Parental Leave.

For the sole purpose of calculating Maximum Deemed Service, where a Member receives any remuneration (including remuneration paid by a Union in respect of a period described in subparagraph 6.05(a) or subparagraph 6.05(b)) during a period described in subclause 6.01(a)(iii), subclause 6.01(b)(iii), subparagraph 6.01(d), subparagraph 6.01(e), subparagraph 6.01(f), subparagraph 6.01(g), subparagraph 6.02(b), paragraph 6.03, subparagraph 6.05(a) or subparagraph 6.05(b), the duration of the period, expressed in months, shall be deemed to be equal to the product of

(a) (i) where the Member's actual remuneration is less than the remuneration the Member would have received if the Member had rendered service to the Company on a regular basis throughout that period, the difference between one (1) and the ratio of the remuneration actually received by the Member during that period to the remuneration the Member would have received if the Member had rendered service to the Company on a regular basis throughout that period, or

(ii) where the Member's actual remuneration is equal to or greater than the remuneration the Member would have received if the Member had rendered service to the Company on a regular basis throughout that period, zero (0), and

(b) the actual duration of the period, expressed in months;

2.35 Member

"Member" means an Employee who has become a member of the Plan and has not ceased membership in the Plan;

2.36 Member Key Date

"Member Key Date" means, in respect of a Member, the earliest Key Date on which the Member is represented by a Union on that Union's Key Date or, if no such date exists, the Management Key Date if the Member was a Management Employee on that date or, in any other circumstance, the later of January 1, 1998 and the date the Employee becomes a Member.

2.37 Minimum Employer Cost Rule

"Minimum Employer Cost Rule" means the lump sum amount determined pursuant to subclause 11.02(a)(i)(B) or clause 11.06(a)(ii), as the case may be.

2.38 Normal Retirement Date

"Normal Retirement Date" means a date specified in subparagraph 7.01(a);

2.39 Parental Leave

"Parental Leave" means a period of leave described in subparagraph 6.01(e) which is also all or part of a twelve (12)-month period that commences at

(a) the date of birth of a child of whom the Member is a natural parent, or

(b) the date the Member adopts a child;

2.40 Pension Accrued

"Pension Accrued" means

(a) as at any date, both:

(a) the Lifetime Pension, and

(ii) the Supplemental Pension, if applicable,

to which a Former Member is entitled or to which a Member would be entitled upon cessation of membership on that date, and

(b) with respect to any period, the excess of the Pension Accrued as at the end of such period over the Pension Accrued at the commencement of that period where both are calculated on the basis of the Member's or Former Member's Highest Plan Earnings as at the end of such period;

2.41 "Pension Trust Fund Committee"

"Pension Trust Fund Committee" means the committee referred to in paragraph 3.01;

2.42 Pensionable Service

"Pensionable Service" means any Service, expressed in years and fractions thereof, included as pensionable service in accordance with Article 6 and paragraph 17.06;

2.43 Pensioner

"Pensioner" means a person who, having been a Member or Former Member, has become entitled to the payment of a pension under this Plan;

2.44 Performance Incentive Plan

"Performance Incentive Plan" means the Canadian Pacific Railway Company Performance Incentive Plan, as amended from time to time, and the terms and conditions thereunder, or such other successor incentive plan as may be designated by the Company.

2.45 Plan

"Plan" means the Canadian Pacific Railway Company Pension Plan;

2.46 Post-Retirement Spouse

"Post-Retirement Spouse" means, subject to the requirements for registration under the Act and Revenue Rules,

(a) if there is no person described in subparagraph (b), a person who was married to the Pensioner for at least one (1) year immediately prior to the date of the death of the Pensioner, or

(b) a person who was publicly represented by the Pensioner as a spouse of the Pensioner and cohabited with the Pensioner in a conjugal relationship immediately prior to the date of death of the Pensioner for at least one (1) year, if the Pensioner and that person were free to marry, or at least three (3) years, if either of them was not free to marry the other;

2.47 Regulations

"Regulations" means the Pension Benefits Standards Regulations, 1985, as amended from time to time;

2.48 Retirement Date

"Retirement Date" means a Normal Retirement Date, Early Retirement Date, Disability Retirement Date or Late Retirement Date, as the case may be;

2.49 Revenue Rules

"Revenue Rules" means the provisions of the Income Tax Act (Canada), and any relevant regulations thereto, as they may be amended from time to time, pertaining to pension plans or funds registered under the Income Tax Act (Canada) as they are applicable to the Plan.

2.50 Middle Manager/Executive

"Middle Manager/Executive" means an Employee who holds a permanent position graded MM1 or higher, or equivalent classification under any of the Company's salary plans.

2.51 Service

"Service" when used with reference to any person, refers to employment of that person by the Company since that person's last date of hire;

2.52 Skilled Trades Wage Adjustment

"Skilled Trades Wage Adjustment" means, in respect of CAW-TCA Employees who are classified as Skilled Trades under the collective agreement between the Company and CAW-TCA,

(a) for 2008, $1.79 per hour, and

(b) for each year after 2008, $1.79 per hour increased by any subsequent increases in wage rates in respect of CAW-TCA Skilled Trades employees.

2.53 Spouse

"Spouse" means, subject to the requirements for registration under the Act and Revenue Rules,

(a) in relation to a Member, Former Member or Pensioner, if there is no person described in subparagraph (b), a person who is married to the Member, Former Member or Pensioner or who is a party to a void marriage with the Member, Former Member or Pensioner, or

(b) a person who is cohabiting with the Member, Former Member or Pensioner in a conjugal relationship at the relevant time, having so cohabited with the Member, Former Member or Pensioner for at least one (1) year.

2.54 Superintendent

"Superintendent" means the Superintendent of Financial Institutions referred to in the Act.

2.55 Supplemental Pension

"Supplemental Pension" means the temporary pension, if any, calculated and payable in accordance with Article 8A.

2.56 Taxable Wage Base

"Taxable Wage Base" means**:**

(a) In respect of Members whose Date of Cessation of Membership is on or after January 1, 2002 and whose salary or wages are paid in a currency other than Canadian currency: the maximum compensation in respect of which an annuity may be granted under the applicable American Act, converted into Canadian currency; and

(b) In respect of all other Members: the maximum compensation in respect of which an annuity may be granted under the applicable American Act.

2.57 Trustee

"Trustee" means a corporate or other trustee, and its successors and assigns, designated as such in a pension trust agreement made with the Company to administer the Fund in accordance with and subject to this Plan;

2.58 Union

"Union" means an association or organization that is entitled to represent Employees for the purpose of collective bargaining and includes the following associations or organizations:

(a) "**CAW-TCA**", which means the "CAW-TCA Canada", formerly known as the "National Automobile, Aerospace, Transportation and General Workers Union of Canada",

(b) "**CPPA**", which means the "Canadian Pacific Police Association",

(c) "**IBEW**", which means the "International Brotherhood of Electrical Workers Canadian Signal & Communication System Council No. 11", formerly known as the "Canadian Signal System Council No. 11 of IBEW",

(d) "**RCTC**", which means the "Rail Canada Traffic Controllers",

(e) "**TCRC-RTE**" means the "Teamsters Canada Rail Conference – Running Trades Employees", formerly known as the "Canadian Council of Railway Operating Unions",

(f) "**TCRC-MWED**", which means the "Teamsters Canada Rail Conference Maintenance of Way Employees Division", formerly known as the "Brotherhood of Maintenance of Way Employees", and

(g) "**TC/USWA**" means the "TC Local 1976 United Steelworkers of America", formerly known as the "Transportation Communications International Union".

2.59 Union Service

"Union Service" means the aggregate of the following periods of Pensionable Service which are affiliated with a Union:

(a) "**CAW-TCA Service**", which means the period or periods of Pensionable Service on or after the Member Key Date while represented by the CAW-TCA plus Pensionable Service accrued prior to the Member Key Date if the Member was represented by the "National Automobile, Aerospace, Transportation and General Workers Union of Canada" on the Member Key Date.

(b) "**CPPA Service**", which means the period or periods of Pensionable Service on or after the Member Key Date while represented by the CPPA plus Pensionable Service accrued prior to the Member Key Date if the Member was represented by the CPPA on the Member Key Date.

(c) "**IBEW Service**", which means the period or periods of Pensionable Service on or after the Member Key Date while represented by the IBEW plus Pensionable Service accrued prior to the Member Key Date if the Member was represented by the "Canadian Signal System Council No. 11 Of IBEW" Union on the Member Key Date.

(d) "**RCTC Service"**, which means the period or periods of Pensionable Service on or after the Member Key Date while represented by the RCTC plus Pensionable Service accrued prior to the Member Key Date if the Member was represented by the RCTC on the Member Key Date.

(e) "**TCRC-RTE Service**", which means the period or periods of Pensionable Service on or after the Member Key Date while represented by the TCRC-RTE plus Pensionable Service accrued prior to the Member Key Date if the Member was represented by the "Canadian Council of Railway Operating Unions" on the Member Key Date.

(f) "**TCRC-MWED Service**", which means the period or periods of Pensionable Service on or after the Member Key Date while represented by the TCRC-MWED plus Pensionable Service accrued prior to the Member Key Date if the Member was represented by the "Brotherhood of Maintenance of Way Employees" union on the Member Key Date.

(g) "**TC/USWA Service**", which means the period or periods of Pensionable Service on or after the Member Key Date while represented by the TC/USWA plus Pensionable Service accrued prior to the Member Key Date if the Member was represented by the "Transportation Communications International Union" on the Member Key Date.

2.60 Year's Maximum Pensionable Earnings

"Year's Maximum Pensionable Earnings" has the same meaning as in the Canada Pension Plan.

Certain terms are defined in Article B.1 of Appendix B pertaining to and necessitated by the addition of the Defined Contribution Provision in Appendix B. For greater clarity, such definitions may be used throughout the Plan as if they had appeared in this Article 2 and further, terms defined in this Article 2 shall also apply to all appendices of the Plan.

3.01 The Pension Trust Fund Committee

The Pension Trust Fund Committee, a committee of the Board established by the Board to oversee the operation and administration of the Plan, shall be responsible for investment policies pertaining to, and the management of, the Fund.

3.02 Committee Membership

(a) Subject to paragraph 3.01, the Plan, with the exception of the Defined Contribution Provision, shall be administered by a committee composed of eight (8) persons: four (4) of whom shall be appointed from time to time by the President and Chief Executive Officer, three (3) of whom shall be elected triennially from among the General Chairmen of the Unions by a majority vote of such General Chairmen; and one (1) of whom shall be elected triennially from among the Pensioners in the manner prescribed in the Regulations. One (1) of the Committee members appointed by the President and Chief Executive Officer shall be designated by him/her to be Chairman of the Committee.

Committee Meetings

(b) (i) Meetings of the Committee shall be held on the first Tuesday of each month in Calgary or such other location as the Chairman may designate (participation by telephone conference is acceptable). Additional meetings may be held at the call of the Secretary of the Committee on at least seven (7) days' notice to the members of the Committee. If the day appointed for a meeting falls on a legal holiday or on a day immediately following a legal holiday, the meeting shall be held at the same hour on the second day following the legal holiday.

(ii) Any member of the Committee may participate in a meeting of the Committee by means of telephone facilities that permit all persons participating in the meeting to hear each other, and a member of the Committee participating in a meeting by such means shall be deemed to be present at the meeting.

Committee Quorum

(c) Five (5) members of the Committee shall constitute a quorum. If no quorum is present, the Committee members present may adjourn the meeting from time to time until a quorum is present.

Substitutes

(d) (i) Each member of the Committee who is unable to attend a meeting of the Committee may be replaced by a substitute designated

(A) in the case of a member appointed by the President and Chief Executive Officer, by the remaining members so appointed, from among the officers of the Company,

(B) in the case of a member elected from among the General Chairmen, by the remaining members so elected, from among the General Chairmen, and,

(C) in the case of the member elected from among the Pensioners, by that member, from among the Pensioners.

(ii) In the absence of the Chairman, the Chairman's substitute shall act as Chairman.

Vacancies

(e) (i) Any vacancy occurring among the Committee members elected by the General Chairmen shall be filled by a General Chairman for the balance of the triennial term.

(ii) The member elected from among the Pensioners shall at the commencement of that member's term designate in writing to the Secretary of the Committee another Pensioner to fill, for the balance of the term, the vacancy that would be created if the member is unable to complete the term. If the Pensioner so designated becomes incapacitated, the member shall forthwith designate another Pensioner for the same purpose and in the same manner.

Voting

(f) Each member of the Committee shall have one (1) vote on any matter put to a vote. The Chairman of the meeting shall have a casting vote in the event of a tie; provided, however, that when a tie vote occurs on a motion to change a contribution rate or to decrease any benefit under the Plan, the Chairman shall not have a casting vote and the question raised in the motion shall be referred to a single arbitrator for determination. The decision of the arbitrator shall be binding on the Committee and the Pension Trust Fund Committee and acted on accordingly. The arbitrator shall be appointed by the Committee. If the members of the Committee do not agree on the appointment of the arbitrator, the arbitrator shall be appointed by the Minister of Labour of Canada.

Committee Duties

(g) (i) The Committee shall, subject to this Plan,

(A) promote awareness and understanding of the Plan among Members and potential Members,

(B) review at least once every year the financial, actuarial and administrative aspects of the Plan,

(C) fix, from time to time, the rate or rates of Interest; provided, however, that the rate in respect of Service in Canada may not be less than the rate fixed in advance by the Superintendent, and

(D) perform such other administrative duties as are prescribed by the Regulations.

Committee Powers

(ii) The Committee may, subject to this Plan,

(A) determine the eligibility of Members, Former Members and Spouses to receive pensions, lump sums and refunds,

(B) determine the amounts of Members' contributions, pensions, lump sums and refunds,

(C) prescribe the conditions under which pensions, lump sums and refunds may become payable,

(D) retain from time to time the services of an Actuary, and

(E) retain the services of such auditors or other technical advisors as may be deemed necessary.

Committee Reports

(iii) The Committee shall from time to time, as required, report its actions to the Pension Trust Fund Committee, which may review, alter or rescind any such actions.

Statement to General Chairmen and Pensioner Representative

(iv) The Committee shall furnish to the General Chairmen of the Unions and the Pensioner representative an annual statement showing the financial position of the Fund and such other information as the Committee may consider desirable.

Committee Procedure

(h) The Committee shall make rules not inconsistent with this Plan for its own government.

Secretary

(i) The administrative officer appointed by the Company to be responsible for pension administration, or such other officer of the Company as may be designated by the Chairman of the Committee, shall act as Secretary of the Committee.

3.03 The Fund

(a) Subject to Section B.5.1, all monies accruing to the Fund shall be deposited into a separate account to the credit of the Trustee and shall not form part of the revenues or assets of the Company. The Fund shall be administered in accordance with the Plan and the assets of the Fund shall be invested in the manner prescribed by the Regulations and in accordance with such directions as the Pension Trust Fund Committee may give except as provided in the Defined Contribution Provision. The Pension Trust Fund Committee, on terms and conditions satisfactory to it, may retain the services of an agent or agents or designate employees of the Company to invest or reinvest any of the assets of the Fund and may, but need not, delegate to any such agent, agents or employees any of the power or authority that may be vested in it in relation to the investment or reinvestment of any such assets.

Payments from the Fund

(b) Subject to Section B.5.2, there shall be paid from the Fund

(i) the cost of administering the Plan and the Fund, and

(ii) all pensions, lump sums, refunds and Interest to be paid under this Plan.

Company Contributions to the Fund

(c) The Company shall pay into the Fund from time to time such amounts as may be adequate to enable the Fund, in accordance with such tests and standards for solvency as are prescribed by the Regulations, to provide for payment of all pensions, lump sums, refunds, Interest and administrative costs required to be paid under the Plan. The Company contribution requirements under the Defined Contribution Provision are set out in Appendix B.

Cessation of Company Contributions and Surplus

(d) (i) Cessation of required contributions by the Company under this Plan shall be deemed to effect a termination of the Plan. In the event of the termination or winding-up of this Plan, the Fund shall first be applied by the Trustee towards making full provision, in accordance with the provisions of the Act and Regulations, for any pension or other benefits in accordance with the Plan in respect of Service up to the date of such termination or winding-up and any remaining assets shall become the property of the Company.

(ii) Notwithstanding clause (i), a refund of a surplus in the Fund may be made to the Company only to the extent permitted by the Act and Regulations.

4.01 Eligibility: Full-Time Employees

(a) An Employee who is engaged to work on a full-time basis shall elect to become a Member upon commencing Service if the Employee

(i) is in a position covered by a collective agreement with a Union, or

(ii) is not a Canadian Employee and is not covered by another pension plan provided by the Company, or

(iii) is a Management Employee hired on or after January 1, 2001,

unless the Employee objects thereto because of religious beliefs. Any other Employee engaged to work on a full-time basis may elect to become a Member.

Eligibility: Part-Time Employees

(b) (i) An Employee who is engaged to work on a part-time basis may elect to become a Member upon completion of twenty-four (24) months of continuous Service if the salary or wages, including overtime and incentive pay paid to the Employee by the Company were at least thirty-five percent (35%) of the Year's Maximum Pensionable Earnings in each of two (2) consecutive calendar years after December 31, 1984.

(ii) Notwithstanding clause (b)(i), a Management Employee hired on or after January 1, 2001 and who is engaged to work on a regular part-time basis shall become a Member upon completion of twenty-four (24) months of continuous Service if the salary or wages, including overtime and incentive pay paid to the Employee by the Company were at least thirty-five percent (35%) of the Year's Maximum Pensionable Earnings in each of two (2) consecutive calendar years**.**

(iii) Notwithstanding clauses (b)(i) and (b)(ii), effective January 1, 2002, a Management Employee who is engaged to work on a regular part-time basis may elect to become a Member at any other date prior to the date specified in clauses (b)(i) or (b)(ii) as applicable, but no earlier than January 1, 2002.

4.02 Election to Join

An election under paragraph 4.01 shall be made by notice in writing to the pension department in such form as the Company may require.

4.03 Management Employees: Participation and Transfer

(a) A Management Employee who is an active Member of the Plan as of his Election Date shall, subject to subparagraph (e) and paragraph 4.05, irrevocably elect on or before his Election Date to either remain a DB Member or become a DC Member, effective January 1, 2001.

(b) (i) A Management Employee who joins the Plan on or after November 1, 2000, but before January 1, 2001, shall, subject to paragraph 4.05, irrevocably elect on or before his Election Date to either become and remain a DB Member, or become a DC Member effective January 1, 2001.

(ii) A Management Employee who joins the Plan on or after January 1, 2001 shall, subject to paragraph 4.05, irrevocably elect to become either a DB Member or a DC Member.

(iii) Notwithstanding subparagraph (a), a Management Employee who is participating in a bridging program sponsored by the Company on or before January 1, 2001 shall remain a DB Member.

(c) A Member of the Plan electing to become a DC Member pursuant to subparagraph (a) shall transfer his Conversion Value representing his benefits accrued under the Plan as of December 31, 2000 to the Defined Contribution Provision of the Plan.

(d) Notwithstanding subparagraphs (a), (b) and (c), an Employee in a position covered by a collective agreement with a Union shall, upon becoming a Management Employee on or after January 1, 2001, and subject to paragraph 4.05, irrevocably elect to either remain a DB Member or become a DC Member. In no event, however, shall a Conversion Value be determined in respect of such Employee nor shall the Employee be permitted to transfer to the Defined Contribution Provision the value of any or all of his defined benefits accrued to the effective date of such election.

(e) Notwithstanding subparagraphs (a), (b) and (c), a Management Employee who is a DC Member, upon becoming an Employee in a position covered by a collective agreement with a Union, shall, upon becoming such an Employee, continue to accrue benefits under the Plan but he shall cease to do so under the Defined Contribution Provision. Further, he shall be required to leave his benefits accrued under the Defined Contribution Provision, including those transferred pursuant to subparagraph (c), if any, in his Accounts until such time as he reaches his Retirement Date, dies or terminates.

4.04 Irrevocability of Transfer of Benefits

A transfer of a Member's Conversion Value to the Defined Contribution Provision made in accordance with paragraph 4.03 shall be irrevocable and shall constitute a full discharge of the Plan for the defined benefits represented by such Conversion Value.

4.05 Option to Become DB Member at Age 45

A DC Member may irrevocably elect, on a form prescribed by the Company, prior to and effective the January 1 coincident with or immediately subsequent to his attaining age 45, to become a DB Member. However, such election shall only be in respect of Service on and after such January 1. Further, a DC Member so electing shall be required to leave his benefits accrued under the Defined Contribution Provision, including those transferred pursuant to subparagraph 4.03(c), in his Accounts until such time as he reaches his Retirement Date, dies or terminates.

4.06 Deemed Election

(a) Any Management Employee who is an active member of the Plan as of October 31, 2000 and fails to make an election in accordance with subparagraph 4.03(a) shall be deemed to have irrevocably elected to remain a DB Member.

(b) Any Management Employee who joins the Plan on or after November 1, 2000 but before January 1, 2001 and fails to make an election in accordance with clause 4.03(b)(i) shall be deemed to have irrevocably elected to remain a DB Member.

(c) Any Management Employee who joins the Plan on or after January 1, 2001 but before January 1, 2008 and fails to make an election in accordance with clause 4.03(b)(ii) shall, subject to paragraph 4.05, be deemed to have irrevocably elected to become a DC Member.

(d) Any Management Employee who joins the Plan on or after January 1, 2008 and fails to make an election in accordance with clause 4.03(b)(ii) shall be deemed to have irrevocably elected to become a DB Member.

(e) Any Management Employee described in subparagraph 4.03(d) who fails to make an election thereunder shall be deemed to have irrevocably elected to remain a DB Member.

4.07 Cessation of Membership

Membership in the Plan ceases on the earliest of

(a) the Retirement Date of the Member,

(b) the date the Member ceases to be an Employee,

and

(c) the date of termination of the Plan.

Notwithstanding anything in this paragraph, a Member who is transferred between employers as listed under ‘Company’ shall be deemed not to have ceased Membership in the Plan upon such transfer and shall continue to accrue benefits under this Plan.

4.08 Re-employed Pensioner

Notwithstanding anything in this Article, no person who has retired under the Plan may become a Member.

5.01 Canadian Employees

(a) Every Member who is a Canadian Employee shall, in respect of each period of Pensionable Service after June 30, 2006, contribute to the Fund in accordance with the percentages set out in the table below:

Periods of Pensionable Service:	Earnings that Do Not Exceed the Year's Maximum Pensionable Earnings:	Earnings that Exceed the Year's Maximum Pensionable Earnings:
TCRC-MWED	5.45%	7.03%
CPPA	5.67%	7.25%
TC/USWA	5.67%	7.25%
IBEW	5.67%	7.25%
CAW-TCA	5.48%	6.98%
TCRC-RTE	7.19%	7.48%
RCTC	5.48%	6.98%
Management	3.50%	5.50%

Notwithstanding the foregoing, the contribution rates set out above for periods of Management Service shall apply to:

(i) Only those periods of Management Service when the Management Employee does not participate in the Defined Contribution Provision and during which the Employee's salary and wages are paid in Canadian currency, and

(ii) Base Earnings rather than Earnings.

A DC Member participating in the Defined Contribution Provision shall contribute in accordance with Appendix B.

American Employees

(b) Every Member to whom an American Act applies shall contribute annually to the Fund, in respect of the Member's Pensionable Service in the United States, 6.98% of Earnings that exceed the Taxable Wage Base in respect of each year after 1991.

Other Employees

(c) Every Member who is neither a Canadian Employee nor a Member to whom an American Act applies shall in respect of each year after 1991 contribute 6.98% of Earnings.

Special Cases

(d) Notwithstanding subparagraphs (a) through (c),

War Service

(i) no contributions are required in respect of any period referred to in paragraph 6.02,

Public Office

(ii) the contributions required in respect of a period referred to in paragraph 6.03 are, subject to the limit on contributions prescribed as a condition for registration of the Plan in the Income Tax Regulations (Canada), twice the amount determined in accordance with subparagraph (a), and

Union Service

(iii) the contributions required in respect of a period referred to in subparagraph 6.05(c) are, subject to the limit on contributions prescribed as a condition for registration of the Plan in the Income Tax Regulations (Canada), twice the amount determined in accordance with subparagraph (b).

Maximum Earnings

(e) (i) For the purposes of subparagraphs 5.01(a), 5.01(c) and 5.01(d), as such subparagraphs refer to a period of Union Service, "Earnings" are limited to the product of fifty (50) and the Defined Benefit Limit for the year in which the contribution is to be made.

(ii) For the purposes of subparagraph 5.01(a), as such subparagraph refers to a period of Management Service, "Base Earnings" are limited to the product of fifty (50) and the Defined Benefit Limit for the year in which the contribution is to be made.

(f) For the purposes of subparagraph 5.01(b), "Earnings" shall be modified, with respect to contributions required to be made at any time after July 31, 1991, to be:

(i) In respect of Members whose Date of Cessation of Membership is on or after January 1, 2002: that portion of the Member's Earnings in excess of the Taxable Wage Base, that does not exceed on an annual basis an amount equal to the product of fifty (50) and the Defined Benefit Limit for the year in which the contribution is to be made; and

(ii) In all other cases: the portion of the Member's Earnings in excess of the Taxable Wage Base, that does not exceed on an annual basis an amount equal to the product of fifty (50) and the Defined Benefit Limit for the year in which the contribution is to be made, converted into American currency.

Management Employees on Disability

(g) In the event a Member who is a Management Employee and who is not a Member participating in the Defined Contribution Provision becomes totally disabled as certified by a qualified medical doctor licensed to practice in Canada, he shall cease to be required to contribute to the Plan for the period of time during which he is in receipt of benefits from the Company's long-term disability plan. Such Member shall accrue Pensionable Service while totally disabled as certified by a qualified medical doctor licensed to practice in Canada and shall continue to accrue pension benefits based on his Base Earnings in effect at the date such disability commenced for as long as he continues to receive the aforementioned long-term disability benefits. Furthermore, Base Earnings will be indexed annually in accordance with increases in the Canadian Average Industrial Wage. In no event, however, shall such a disabled Member accrue pension benefits after the earlier of the date the Member attains age 65 and the date of termination of the Plan. Further, the period of time during which such Member is accruing benefits in accordance with this clause shall be excluded in determining Averaged Incentive Compensation under paragraph 2.06. For greater clarity, the cessation of the requirement to contribute to the Plan shall apply only to an Employee who was a Member prior to becoming disabled.

5.02 Payment of Contributions

(a) A Member who is required to elect membership in the Plan shall commence making contributions upon entering Service.

(b) All other Members shall commence making contributions in the first pay period that commences in the month following the month in which the Employee elected to become a Member.

(c) Unless otherwise provided in this Plan, a Member shall make contributions for each calendar month of Pensionable Service to a maximum of thirty-five (35) years.

(d) Notwithstanding subparagraph (c), a Member shall not be required to make contributions in respect of a period of Service that, because of the effect of the Maximum Deemed Service provisions contained in Article 6, is not credited as Pensionable Service.

5.03 Currency

(a) In respect of Members whose Date of Cessation of Membership is prior to January 1, 2002: All contributions made otherwise than in Canadian funds shall be credited to the Member's account in the currency in which they were paid. Where a Member is transferred, with the result that the Member is paid in another currency, the Member's accumulated contributions and Interest thereon shall be converted into such other currency at the rate of exchange in effect at the time of the transfer.

(b) In respect of Members whose Date of Cessation of Membership is on or after January 1, 2002:

(i) All contributions made otherwise than in Canadian funds prior to January 1, 2002 shall be converted into Canadian currency based on the average exchange rates for each of the calendar years during which the contributions were remitted; and

(ii) All contributions on and after January 1, 2002 are calculated and credited to the Member's account in Canadian currency.

6.01 Pensionable Service

"Pensionable Service" is any period of Service by a Member in respect of which all contributions required under this Plan have been made and includes any period

(a) (i) after December 31, 1958 and before January 1, 1991, when the Member is temporarily absent due to a compensable injury suffered in the course of employment,

(ii) after December 31, 1990, when the Member is temporarily absent due to a compensable injury suffered in the course of employment and such period is certified by a medical doctor, licensed to practice under the laws of a province or of the place where the Member resides, as being a period of disability,

(iii) after December 31, 1990, when the Member is temporarily absent due to a compensable injury suffered in the course of employment and such period is not certified by a medical doctor, licensed to practice under the laws of a province or of the place where the Member resides, as being a period of disability, subject to Maximum Deemed Service,

(b) (i) after June 30, 1971 and before January 1, 1991, when the Member is temporarily absent on account of illness,

(ii) after December 31, 1990, when the Member is temporarily absent on account of illness and such period is certified by a medical doctor, licensed to practice under the laws of a province or of the place where the Member resides, as being a period of disability,

(iii) after December 31, 1990, when the Member is temporarily absent on account of illness and such period is not certified by a medical doctor, licensed to practice under the laws of a province or of the place where the Member resides, as being a period of disability, subject to Maximum Deemed Service,

(c) during which a Member is disabled and is represented by TCRC-MWED, CPPA, TC/USWA, IBEW or RCTC.

A Member shall be deemed to be disabled for the purposes of this subparagraph if the Member suffers from a physical or mental impairment, as certified in writing by a qualified medical doctor licensed to practice in Canada, which meets the qualification criteria for receipt of benefits under the Union's long-term disability plan or, where applicable to Members represented by CPPA, the Company's long-term disability plan, and prevents the Member from performing the duties of employment in which the Member was engaged before the commencement of the impairment.

A Member shall be deemed to cease to be disabled on the earlier of the date on which the Member ceases to qualify as disabled in accordance with the above requirements and the Member's Normal Retirement Date,

(d) after May 31, 1976, of lay-off not included in Pensionable Service under subparagraph (f) that does not exceed twelve (12) consecutive calendar months, where

(i) at the commencement of the lay-off the Member has at least twenty (20) years of cumulative Service, and

(ii) (A) being covered by a collective agreement, the Member, throughout the lay-off, has fully exercised seniority rights to hold a position on the Member's basic seniority territory, or

(B) not being covered by a collective agreement, the Member, throughout the lay-off, has not declined to accept another position offered by the Company,

(e) after February 28, 1985, when a Member is on leave due to child care responsibilities, including maternity leave, granted by the Company pursuant to the Canada Labour Code,

(f) of leave of absence in respect of which a Member receives any Earnings other than Deemed Earnings,

(g) of lay-off during which the Member is entitled to receive Employment Security Benefits,

(h) on and after January 1, 2004, when a Member is on compassionate care leave, granted by the Company pursuant to the Canada Labour Code, and

(i) included as Pensionable Service in accordance with Article 17.

6.02 War Service

(a) The period during which a Member was absent on leave for active service in the Armed Forces of Canada or Canada's Allies in World War II shall be included as Pensionable Service.

(b) Subparagraph (a) shall apply mutatis mutandis to the extent required by law to any other period during which a Member is absent on leave for active service in the Armed Forces of Canada.

6.03 Public Office

The period during which a Member is absent on leave to serve as a member of the Parliament of Canada or any Provincial Legislature in Canada (or in any other elected public position approved by the Committee and the Pension Trust Fund Committee) shall be included as Pensionable Service if the Member

(a) elects by written notice to the pension department within one (1) month after the grant of leave to continue to contribute throughout the leave,

(b) while on leave is not accruing benefits under another pension plan other than the Canada Pension Plan or the Quebec Pension Plan, and

(c) throughout the leave continues to contribute to the Fund;

provided, however, that the period of such leave that may be included as Pensionable Service shall not, without the approval of Revenue Canada, exceed three (3) years.

6.04 Public Service

Where a Member terminates employment to accept a position in the public service, the Committee may authorize an arrangement by which the Member would, upon subsequently resuming membership, be credited with the Pensionable Service rendered by that person prior to termination only if the Member transfers directly to the Fund the amount of any refunded contributions and other payments made to the Member out of the Fund with respect to such a period from a registered retirement savings plan, a deferred profit sharing plan, or another registered pension plan.

6.05 Union Service

(a) The period during which a Member is absent on leave to serve as General Chairman, Regional Deputy, Assistant General Chairman, Vice-President, Dominion Legislative Representative (or any other official position approved by the Pension Trust Fund Committee) of a Union shall be included as Pensionable Service.

(b) The period during which a Member who does not hold a position described in subparagraph (a) is absent on short leave to perform official duties relating to collective agreements and their administration as a representative of a Union shall be included as Pensionable Service.

(c) The period during which a Member referred to in subparagraph (a) is subject to an American Act shall be included as Pensionable Service rendered in the United States.

6.06 Reinstatement

Where a Member is dismissed and reinstated in Service within two (2) years of the dismissal, the Pensionable Service of the Member rendered prior to the dismissal shall be included in the Member's Pensionable Service if within three (3) months after reinstatement the Member transfers directly to the Fund the amount of any refunded contributions and other payments made to the Member out of the Fund with respect to such a period from a registered retirement savings plan, a deferred profit sharing plan, or another registered pension plan.

6.07 Maximum Deemed Service

With effect from January 1, 1991,

(a) the accumulation of Pensionable Service under clause 6.01(a)(iii), clause 6.01(b)(iii), subparagraph 6.01(d), subparagraph 6.01(e), subparagraph 6.01(f), subparagraph 6.01(g), subparagraph 6.01(h), subparagraph 6.02(b), paragraph 6.03, subparagraph 6.05(a) or subparagraph 6.05(b) shall be subject to Maximum Deemed Service, and

(b) any period of Service described in clause 6.01(a)(iii), clause 6.01 (b)(iii), subparagraph 6.01(d), subparagraph 6.01(e), subparagraph 6.01(f), subparagraph 6.01(g), subparagraph 6.02(b), paragraph 6.03, subparagraph 6.05(a) or subparagraph 6.05(b) that

is rendered by a Member after the Member has attained Maximum Deemed Service shall be credited as Pensionable Service in proportion to the ratio of the remuneration actually received by the Member (including remuneration paid by a Union in respect of a period described in subparagraph 6.05(a) or subparagraph 6.05(b)), if any, during that period to the remuneration the Member would have received if the Member had rendered service to the Company on a regular basis.

6.08 Maximum Deemed Service - Exception for Union Service

Notwithstanding paragraph 6.07, where a Member is absent on leave for a purpose set out in subparagraph 6.05(a) or subparagraph 6.05(b) and the salary or wages received by the Member from a Union in respect of the period of leave are equal to or greater than the Member's Deemed Earnings during that period, the accumulation of Pensionable Service under subparagraph 6.05(a) or subparagraph 6.05(b) shall not be subject to Maximum Deemed Service.

6.09 Maximum Pensionable Service

The Pensionable Service of a Member shall not include Service of the Member after the date the Member's Pensionable Service totals thirty-five (35) years.

6.10 Calculating Pensionable Service

For the purpose of calculating Pensionable Service,

(a) a Member who is engaged to work on a full-time basis shall be credited with a full month of Pensionable Service for each month in which the Member renders any Service, subject, after December 31, 1990, to Maximum Deemed Service,

(b) a Member who is engaged to work on a part-time basis shall be credited with a full month of Pensionable Service for every twenty-one (21) days of Pensionable Service, subject, after December 31, 1990, to Maximum Deemed Service, and

(c) the effect of paragraph 6.07 shall not be taken into account in determining whether a Member, Former Member, Spouse or Post-Retirement Spouse is entitled to any benefit described in this Plan.

6.11 Defined Contribution Provision

(a) In the event a Member is participating in the Defined Contribution Provision, Pensionable Service shall be credited in accordance with this Article 6 and recognizing periods during which Required DC Contributions are made pursuant to Article B.8 of Appendix B.

(b) Pensionable Service credited while a Member is participating in the Defined Contribution Provision shall not be recognized in determining defined benefits under Article 8.

(c) Pensionable Service in respect of which defined benefits have been transferred in accordance with paragraph 4.03 shall not be recognized in determining defined benefits under Article 8.

(d) Pensionable Service described under subparagraphs (b) and (c), if applicable, above shall be recognized in determining eligibility for any defined benefit entitlements for a Member:

(i) electing to join the defined benefit portion of the Plan in accordance with paragraph 4.05,

(ii) required to join the defined benefit portion of the Plan in accordance with subparagraph 4.03(e), or

(iii) who was in a position covered by a collective agreement with a Union and, who upon becoming a Management Employee, elects to participate in the Defined Contribution Provision.

7.01 Normal Retirement Date

(a) (i) Subject to clauses (ii), (iii) and (iv), the Normal Retirement Date of a Member or Former Member shall be the last day of the month in which the Member or Former Member attains the age of sixty-five (65) years.

(ii) (A) For periods of CPPA Service for Members whose Date of Cessation of Membership is prior to April 1, 2006; and/or

(B) For periods of IBEW Service for Members whose Date of Cessation of Membership is prior to October 1, 2005,

the Normal Retirement Date provided in clause (i) shall not be later than the last day of the month when the sum of the Member's or Former Member's age plus Pensionable Service is at least eighty-five (85) years and the age is at least fifty-five (55) years.

(iii) With respect to every Member

(A) who ceases to be a Member at the initiative of the Company during a period as may be set by the Executive Committee of the Company from time to time;

(B) who is not represented by a Union at the Date of Cessation of Membership; and

(C) who is offered the opportunity to retire early without the Company's consent,

the Normal Retirement Date provided in clause (i) shall not be later than the last day of the month when the sum of the Member's or Former Member's age plus Pensionable Service is at least eighty-five (85) years, the Pensionable Service is at least twenty-five (25) years, and the age is at least fifty-five (55) years.

(iv) Notwithstanding clause (i), the Actuarially Equivalent lump sum value of the Member's Pension Accrued to the Date of Cessation of Membership shall not be less than the amount determined in accordance with Article 20.

(b) All Employees who have not retired earlier shall, unless contrary to applicable law, be retired at the age of sixty-five (65) years if their employment is not continued beyond that age in accordance with paragraph 7.04.

7.02 Early Retirement Date

Subject to paragraph 20.04, a Member or Former Member may retire early on the last day of any month in the ten (10)-year period preceding the Normal Retirement Date.

7.03 Disability Retirement Date

(a) Any Member who is represented by CAW-TCA or TCRC-RTE on their Retirement Date, who has at least ten (10) years of Pensionable Service and who suffers from a physical or mental impairment that is certified in writing by a physician as preventing the Member from engaging in any employment for which the Member is reasonably suited by virtue of the Member's education, training or experience and that can reasonably be expected to last for the remainder of the Member's lifetime, may, at the discretion of the Committee, be retired either upon application by the Member or upon recommendation by the Member's department head.

(b) A Member applying or recommended for retirement under subparagraph (a) shall, unless otherwise determined by the Committee, be examined by a medical officer of the Company, whose report, together with the recommendation of the chief medical officer of the Company, shall be transmitted to the Committee for its consideration.

(c) The Disability Retirement Date shall be the date fixed by the Committee in each case.

7.04 Late Retirement Date

(a) The Company may, with the concurrence of the Employee and, in the case of an Employee covered by a collective agreement, with the approval of the Committee, retain in Service an Employee who has reached the age of sixty-five (65) years if in the judgment of the Company it is in its interest to do so. The Company shall retain in Service an Employee who has reached the age of sixty-five (65) years if the applicable law so requires. Where a Member remains in Service and is not receiving a pension under this Plan, the Member's Service after reaching the Normal Retirement Date shall, subject to paragraph 6.09, be included in the Member's Pensionable Service.

(b) The Late Retirement Date shall be the last day of the last month after the Normal Retirement Date in which the Member renders Service; provided, however, that for the purposes of this Plan no Late Retirement Date of a Member shall be later than the day preceding the Member's seventy-first (71st) birthday irrespective of whether or not the Member's Service continues thereafter.

With effect from January 1, 1997, notwithstanding any other provision of the Plan, the pension benefits to which an individual is entitled under the Plan will commence to be paid not later than the end of the calendar year in which the individual attains 69 years of age, or such other time as is acceptable under the *Income Tax Act* and the *Regulations* thereunder.

8.01 Canadian Service

Subject to clause 7.01(a)(iv), in respect of Pensionable Service in Canada, the pension shall be an amount, calculated as at a Member's Date of Cessation of Membership, equal to the sum of (a), (b) and (c), where:

(a) is two percent (2%) of the Member's Highest Plan Earnings multiplied by the Member's Pensionable Service in Canada before January 1, 1966,

(b) is, for periods of Pensionable Service in Canada after December 31, 1965, the aggregate of, for each period of Union Service or Management Service after December 31, 1965, the Member's Highest Plan Earnings up to the Average Year's Maximum Pensionable Earnings multiplied by the period of Union Service or Management Service after December 31, 1965 multiplied by the percentage determined from the following table:

Period of Pensionable Service after December 31, 1965:	**Effective Date**	**Percentage**
TCRC-MWED Service	August 1, 2007	1.80%
CPPA Service	January 1, 2004	1.80%
TC/USWA Service	January 1, 2006	1.80%
IBEW Service	January 1, 2004	1.80%
CAW-TCA Service	January 1, 2004	1.80%
TCRC-RTE Service	January 1, 2008	1.80%
RCTC Service	July 1, 2006	1.80%
Management Service	January 1, 1998	1.30%

provided the Member's Date of Cessation of Membership is on or after the applicable effective date as referenced in the table above.

(c) is two percent (2%) of the Member's Highest Plan Earnings in excess of the Average Year's Maximum Pensionable Earnings multiplied by the Member's Pensionable Service in Canada after December 31, 1965.

For purposes of subparagraphs (a), (b) and (c) above, the Highest Plan Earnings to be used for each period of Pensionable Service shall reflect the definition of Highest Plan Earnings as applicable for each Union or as a Management Employee at the Member's Date of Cessation of Membership.

8.02 United States Service

(a) In respect of Pensionable Service rendered in the United States, the pension shall be an amount, calculated as at a Member's Date of Cessation of Membership, equal to two percent (2%) of the Member's Highest Plan Earnings in excess of the Taxable Wage Base multiplied by the Member's Pensionable Service in the United States.

(b) Where the sum of the pension calculated in accordance with subparagraph (a) and the pension granted under the applicable American Act is less than the pension that would have been payable under this Plan if the Member's Service had been in Canada, the pension calculated in accordance with subparagraph (a) shall be increased so that the sum of such pension and the pension granted under the applicable American Act equals the pension that would have been payable under this Plan if the Member's Service had been in Canada.

8.03 Canadian and United States Service

(a) Where a Member rendered Service in Canada and in the United States, the pension shall be an amount, calculated as at the Member's Date of Cessation of Membership, equal to the sum of

(i) the pension calculated in accordance with paragraph 8.01; and

(ii) the pension calculated in accordance with subparagraph 8.02(a).

(b) Where the sum of the pension calculated in accordance with subparagraph (a) and the pension granted under the applicable American Act is less than the pension that would have been payable under this Plan if all the Member's Service had been in Canada, the pension calculated in accordance with subparagraph (a) shall be increased so that the sum of such pension and the pension granted under the applicable American Act equals the pension that would have been payable under this Plan if the Member's Service had been in Canada.

8.04 Service Outside Canada and the United States

(a) Where a Member rendered Pensionable Service outside Canada and the United States, the pension shall be an amount, calculated as at the Member's Date of Cessation of Membership, equal to the sum of

(i) two percent (2%) of the Member's Highest Plan Earnings multiplied by the Member's Pensionable Service outside Canada and the United States,

(ii) the pension, if any, calculated in accordance with paragraph 8.01, and

(iii) the pension, if any, calculated in accordance with subparagraph 8.02(a).

(b) Where the sum of the pension calculated in accordance with subparagraph (a) and the pension, if any, granted under the applicable American Act is less than the pension that would have been payable under this plan if all the Member's Service had been in Canada, the pension calculated in accordance with subparagraph (a) shall be increased so that the sum of such pension and the pension granted under the applicable American Act equals the pension that would have been payable under this Plan if the Member's Service had been in Canada.

8.05 Minimum Pension

(a) A pension calculated in accordance with paragraph 8.01, 8.02, 8.03 or 8.04 shall, if less than sixty dollars ($60) per month, be increased to sixty dollars ($60) per month; provided, however, that the application of this paragraph to Pensioners receiving pensions in a currency other than Canadian currency, shall be at the discretion of the Committee.

(b) Where the amount of any pension payable under this Plan is less than that required under the Act or Regulations, the amount shall be increased to that required under the Act or Regulations.

8.06 Maximum Pension

Notwithstanding anything else in this Article, the amount of pension in respect of Pensionable Service rendered after July 31, 1991, excluding that portion of the amount, if any, attributable to the operation of subclause 11.02(a)(i)(B), shall not exceed an amount equal to the product of

(a) Pensionable Service after July 31, 1991,

and

(b) the lesser of

(i) two percent (2%) of the Member's Highest Plan Earnings,

and

(ii) one-twelfth (1/12) of the Defined Benefit Limit for the year in which the pension commences to be paid.

8.07 Maximum Pension Increase

Notwithstanding anything else in this Article and subject to paragraph 17.07, the amount of pension in respect of Pensionable Service rendered before August 1, 1991 where the pension formula is increased after such date in accordance with paragraph 8.01 or where clause 2.27(d)(ii) is applied to Highest Plan Earnings, excluding that portion of the amount, if any, attributable to the operation of subclause 11.02(a)(i)(B), shall not exceed an amount equal to the greater of A and B,

where A is the amount equal to the product of:

(a) Pensionable Service before August 1, 1991,

and

(b) the lesser of

(i) two percent (2%) of the Member's Highest Plan Earnings,

and

(ii) one-twelfth (1/12) of the Defined Benefit Limit for the year in which the pension commences to be paid,

and

B is equal to the amount of pension that would have accrued in respect of Pensionable Service before August 1, 1991 had the pension formula not been so increased or had clause 2.27(d)(ii) not been applied to Highest Plan Earnings, as applicable.

8A.01 Subject to Article 20, for a Member who has TC/USWA Service and who retires prior to January 1, 2006, in addition to a Lifetime Pension, the Supplemental Pension shall be an amount, calculated as at a Member's Date of Cessation of Membership, payable from the latter of the Member's Retirement Date and the last day of the month when the sum of the Member's or Former Member's age plus Pensionable Service is at least eighty-five (85) years and the age is at least fifty-five (55) years to the end of the month in which the earlier of the Member's date of death and the date the Member attains age 65 occurs, determined as (a) minus (b), where:

(a) equals the sum of one and eight-tenths percent (1.8%) of the Member's Highest Plan Earnings up to the Average Year's Maximum Pensionable Earnings plus two percent (2.0%) of the Member's Highest Plan Earnings in excess of the Average Year's Maximum Pensionable Earnings, multiplied by the Member's TC/USWA Service after December 31, 1965, and

(b) equals the Lifetime Pension in respect of the Member's TC/USWA Service after December 31, 1965.

8A.02 Maximum Supplemental Pension

Notwithstanding anything else in this Article, the monthly Supplemental Pension shall not exceed the product of (a) and (b) where:

(a) is equal to the sum of:

(i) the maximum monthly pension benefit payable under the Old Age Security Act as at the Member's Retirement Date; and

(ii) the maximum monthly pension benefit payable under the Canada Pension Plan as at the Member's Retirement Date to a person commencing to receive such pension benefit at age 65, multiplied by the ratio, not to exceed one, that the total of his Earnings for the three calendar years in which the remuneration is the highest bears to the total of the Year's Maximum Pensionable Earnings for those three years; and

(b) is equal to the product of:

(i) the result obtained when the lesser of ten and the Member's Pensionable Service is divided by ten; and

(ii) 100% less 0.25% for each month, if any, by which the Member's Retirement Date precedes the date he would attain age 60.

8A.03 Maximum Retirement Income Payable Prior to Age 65

Notwithstanding anything else in this Article, at a Member's Retirement Date, the Supplemental Pension will be limited, if necessary, to ensure that the aggregate of the Lifetime Pension and the Supplemental Pension, both in respect of Pensionable Service after July 31, 1991, shall not exceed the sum of (a) and (b), where:

(a) is equal to the product of:

(i) one-twelfth (1/12) of the Defined Benefit Limit, and

(ii) Pensionable Service after July 31, 1991; and

(b) is equal to the product of:

(i) 25% of one-twelfth (1/12) of the average of the Year's Maximum Pensionable Earnings for the calendar year in which the retirement income commences to be paid and the two preceding calendar years, divided by 35, and

(ii) the lesser of 35 and Pensionable Service after July 31, 1991.

9.01 Normal Retirement

A Member or Former Member who retires at the Normal Retirement Date and who has been a Member for at least two (2) years, shall be entitled to:

(a) A lifetime pension equal in amount to:

(i) if the Member or Former Member has no Spouse at the Retirement Date, the pension calculated in accordance with Article 8 or Article 11, as the case may be,

(ii) if the Member or Former Member has a Spouse at the Retirement Date and the Spouse has elected in prescribed form to receive the benefit described in clause 12.07(a)(i), and adjusted if applicable in accordance with paragraph 12.09, the pension calculated in accordance with Article 8 or Article 11, as the case may be,

(iii) if the Member or Former Member has a Spouse at the Retirement Date and the Spouse has not elected in the manner referred to in clause (ii), the Actuarial Equivalent of the pension calculated in accordance with clause (ii).

(b) A temporary pension equal in amount to:

(i) if the Member or Former Member has no Spouse at the Retirement Date, the Supplemental Pension calculated and payable in accordance with Article 8A,

(ii) if the Member or Former Member has a Spouse at the Retirement Date and the Spouse has elected in prescribed form to waive his/her right to the benefit described in clause 12.07(a)(ii), the Supplemental Pension calculated and payable in accordance with Article 8A,

(iii) if the Member or Former Member has a Spouse at the Retirement Date and the Spouse has not elected in prescribed form to waive his/her right to the benefit described in clause 12.07(a)(ii), the Actuarial Equivalent of the Supplemental Pension set out in clause (ii).

9.02 Early Retirement

(a) Subject to subparagraph (c) and clause 7.01(a)(iv), where a Member retires with the Company's consent at an Early Retirement Date and has at least twenty-five (25) years of Pensionable Service, the sum of the Member's age and Pensionable Service is at least eighty-five (85) years and the Member has attained the age of fifty-five (55) years, the Member is entitled to a pension equal in amount to

(i) if the Member has no Spouse at the Retirement Date, the pension calculated in accordance with Article 8 or Article 11, as the case may be,

(ii) if the Member has a Spouse at the Retirement Date and the Spouse has elected in prescribed form to receive the benefit described in clause 12.07(a)(i), and adjusted, if applicable, in accordance with paragraph 12.09, the pension calculated in accordance with Article 8 or Article 11, as the case may be,

(iii) if the Member has a Spouse at the Retirement Date and the Spouse has not elected in the manner referred to in clause (ii), the Actuarial Equivalent of the pension calculated in accordance with clause (ii).

(b) In all other cases where a Member or Former Member retires at an Early Retirement Date and has been or was a Member for at least two (2) years, the Member or Former Member is entitled to a pension equal to the lesser of the Actuarial Equivalent of the pension, but excluding the Supplemental Pension, if applicable, otherwise payable from the Normal Retirement Date and the pension, but excluding the Supplemental Pension, if applicable, otherwise payable from the Normal Retirement Date reduced in accordance with the reduction factors contained in the *Income Tax Regulations*.

(c) For periods of Management Service accrued on or after January 1, 2001 and for periods of TCRC-MWED Service, CPPA Service, TC/USWA Service, IBEW Service and CAW-TCA Service, the twenty-five (25) years of Pensionable Service requirement provided in subparagraph 9.02(a) is removed. In addition, where the Member is a Management Employee on January 1, 2001, this provision shall also apply to the Member's Pensionable Service accrued before such date, with the exception of periods of Union Service.

(d) Supplemental Pension

Where a Member or Former Member retires on a Retirement Date, the Member or Former Member is entitled to a temporary pension, if applicable, commencing on the Member's or Former Member's Normal Retirement Date and equal in amount to:

(i) if the Member or Former Member has no Spouse at the Retirement Date, the Supplemental Pension calculated and payable in accordance with Article 8A,

(ii) if the Member or Former Member has a Spouse at the Retirement Date and the Spouse has elected in prescribed form to waive his/her right to the benefit described in clause 12.07(a)(ii), the Supplemental Pension calculated and payable in accordance with Article 8A,

(iii) if the Member or Former Member has a Spouse at the Retirement Date and the Spouse has not elected in prescribed form to waive his/her right to the benefit described in clause 12.07(a)(ii), the Actuarial Equivalent of the Supplemental Pension set out in clause (ii).

9.03 Disability Retirement

A Member who retires at a Disability Retirement Date is entitled to a pension equal in amount to

(a) if the Member has no Spouse at the Retirement Date, the pension calculated in accordance with Article 8,

(b) if the Member has a Spouse at the Retirement Date and the Spouse has elected in prescribed form to receive the benefit described in clause 12.07(a)(i), and adjusted if applicable in accordance with paragraph 12.09, the pension calculated in accordance with Article 8,

(c) if the Member has a Spouse at the Retirement Date and the Spouse has not elected in the manner referred to in subparagraph (b), the Actuarial Equivalent of the pension calculated in accordance with subparagraph (b).

(d) Notwithstanding subparagraphs (a), (b) and (c), where the Member is receiving salary replacement benefits under the workers' compensation legislation of any province, the pension calculated in accordance with Article 8 at Disability Retirement Date shall be reduced, if necessary, to ensure that the sum of the pension calculated in accordance with Article 8 at Disability Retirement Date after income tax and the workers' compensation legislation benefits after income tax will not exceed seventy percent (70%) of the Member's Highest Plan Earnings after income tax. The resulting pension at Disability Retirement Date may be revised when necessary to reflect changes in income tax rates and/or workers' compensation legislation benefits.

Notwithstanding paragraph 7.03, the Disability Retirement Date of a Member shall not be earlier than the last day of the month for which the Member received or will receive salary replacement benefits under the workers' compensation legislation of any province which, after income tax, are greater than or equal to seventy percent (70%) of the Members' Highest Plan Earnings after income tax.

9.04 Late Retirement

A Member who retires at a Late Retirement Date and who has been a Member for at least two (2) years shall be entitled to a pension equal in amount to

(a) if the Member has no Spouse at the Retirement Date, the pension calculated in accordance with Article 8,

(b) if the Member has a Spouse at the Retirement Date and the Spouse has elected in prescribed form to receive the benefit described in clause 12.07(a)(i), and adjusted if applicable in accordance with paragraph 12.09, the pension calculated in accordance with Article 8,

(c) if the Member has a Spouse at the Retirement Date and the Spouse has not elected in the manner referred to in subparagraph (b), the Actuarial Equivalent of the pension calculated in accordance with subparagraph (b).

9.05 Retirement with Less Than Two (2) Years' Membership

A Member who retires and who has been a Member for less than two (2) years shall be entitled to a refund of the Member's contributions and Interest thereon.

9.06 Transfer Option

With effect from January 1, 2001, a Member who is a Management Employee on his Retirement Date and who is entitled to a pension in accordance with one of paragraphs 9.01, 9.02 and 9.04 may elect to transfer the Actuarial Equivalent lump sum value of the pension to which he is entitled hereunder to a Locked-In Retirement Fund.

9.07 Minimum Employer Cost Rule

A Member's lifetime pension provided for in paragraphs 9.01, 9.02, 9.03 or 9.04, as the case may be, shall include a lifetime pension that is Actuarial Equivalent to the excess of (a) over (b) where:

(a) equals the Member's contributions made after December 31, 1986 and Interest thereon, and

(b) equals fifty percent (50%) of the Actuarially Equivalent lump sum value of the Member's Pension Accrued during the period commencing December 31, 1986 and ending on the Date of Cessation of Membership.

In addition, where the Member was a Management Employee on January 1, 2001, this provision also applies to the Member's Pensionable Service before January 1, 1987.

10.01 Monthly Payment

(a) Pensions shall be paid in monthly installments. The first installment shall, unless otherwise determined by the Committee, be made on or about the fifteenth (15th) day after the end of the calendar month following the Member's Retirement Date, or Normal Retirement Date with respect to the temporary pension, if any. Thereafter, installments shall, unless otherwise determined by the Committee, be made on or about the last day of each month throughout the lifetime, including the month of death, of the Pensioner, except that Supplemental Pension payments, if applicable, shall not extend beyond the end of the month in which the Members attains age 65.

(b) Following the death of a Pensioner, monthly installments, determined in accordance with Article 12, shall be paid to the Pensioner's Spouse or Post-Retirement Spouse, as the case may be, if any, commencing with the month following the month of death of the Pensioner, throughout the lifetime, including the month of death, of the Spouse, or Post-Retirement Spouse, except that any Supplemental Pension payments to which the Spouse may be entitled shall not extend beyond the end of the month in which the Member would have attained age 65.

10.02 Level Income Option

Where a Member, other than a Member who retires pursuant to paragraph 7.03, or a Former Member retires prior to becoming entitled, solely by reason of age, to receive a retirement benefit under the Canada Pension Plan or the Quebec Pension Plan, the Member or Former Member may elect to have the pension to which the Member or Former Member is entitled under this Plan increased temporarily and thereafter reduced so as to anticipate on an Actuarially Equivalent basis all or part of the estimated amount of such retirement benefit to which the Member or Former Member will become entitled.

Notwithstanding the foregoing, a Member who retires or terminates employment and who is represented by TC/USWA on his/her Date of Cessation of Membership and receives or will receive a Supplemental Pension may not elect a level income option under this paragraph.

10.03 Credit Splitting

In this paragraph, the term "spouse" has the meaning given to it in section 25 of the Act.

(a) Subject to section 25 of the Act, pension benefits, pension benefit credits and any other benefits under this Plan shall, on divorce, annulment or separation, be subject to applicable provincial property law.

(b) Pursuant to subsection 25(4) of the Act, a Member or Former Member may, by written agreement, assign, effective as of divorce, annulment or separation, all or part of that Member's or Former Member's pension benefit, pension benefit credit or other benefit under the Plan to the Member's or Former Member's spouse. In the event of such an assignment, the spouse shall, in respect of the assigned portion of the pension benefit, pension benefit credit or other benefit, be deemed, except with respect to the matters referred to in subsections 21(2) to (6) of the Act,

(i) to have been a Member of the Plan, and

(ii) to have ceased to be a Member of the Plan as of the effective date of the assignment, but a subsequent spouse of the spouse is not entitled to any pension benefit, pension benefit credit or any other benefit under the Plan in respect of that assigned portion.

(c) In accordance with section 25 and subsection 36(3) of the Act, all or part of a Member's or Former Member's pension benefit, pension benefit credit or any other benefit under the Plan may be assigned to the Member's or Former Member's spouse by court order pursuant to applicable provincial property law.

(d) Where, pursuant to section 25 of the Act, all or part of a pension benefit of a Member or Former Member is required to be distributed to the Member's or Former Member's spouse under a court order or a written agreement between the spouses, the pension benefit may be adjusted so that it becomes payable as two separate pensions, one to the Member or Former Member and the other to the Member's or Former Member's spouse, provided that the aggregate of the actuarial present values of the two pensions is not less than the actuarial present value of the pension benefit.

(e) Notwithstanding applicable provincial property law, the aggregate of

(i) the actuarial present value of the pension benefit or other benefit paid to a Member or Former Member, and

(ii) the actuarial present value of the pension benefit or other benefit paid to the spouse of the Member or Former Member

pursuant to this paragraph and section 25 of the Act shall not be greater than the actuarial present value of the pension benefit or other benefit, as the case may be, that would have been payable to the Member or Former Member had the divorce, annulment or separation not occurred.

10.04 Optional Forms of Pension: Management Employees

Subject to paragraph 10.06, with effect from January 1, 2001, a Member who is a Management Employee at his Retirement Date may, instead of the normal form, elect, prior to the Retirement Date, one of the optional forms of lifetime pension specified in this paragraph 10.04. The optional form of lifetime pension shall be Actuarially Equivalent to the applicable normal form of lifetime pension described in Article 9 and paragraph 10.01.

(a) Life Annuity with a Guaranteed Period

A Member who does not have a Spouse at his Retirement Date may elect a reduced amount of lifetime pension with a guaranteed term of either 120 or 180 months. For greater clarity, in the event the Member dies prior to the end of such guaranteed term, the remaining guaranteed period and payments shall be completed prior to any payments pursuant to subparagraph 12.07(b).

(b) Life Annuity Continuing to Spouse

A Member who has a Spouse at his Retirement Date may elect a reduced amount of lifetime pension in a joint and survivor form on the lives of the Member and Spouse. Following the death of the Member, a percentage of the lifetime pension, either 80% or 100%, as elected by the Member, is payable to the Spouse if surviving, during the continued lifetime of the Spouse.

10.05 Optional Forms of Pension: Union Members

Subject to paragraph 10.06, a Member who is represented by a Union at his Retirement Date may, instead of the normal form, elect, prior to the Retirement Date, an optional form of lifetime pension as specified in subparagraph (a). The optional form of lifetime pension shall be Actuarially Equivalent to the applicable normal form of lifetime pension described in Article 9 and paragraph 10.01.

(a) Life Annuity Continuing to Spouse

A Member who has a Spouse at his Retirement Date may elect a reduced amount of lifetime pension in a joint and survivor form on the lives of the Member and Spouse. Following the death of the Member, a percentage of the lifetime pension, either 80% or 100%, as elected by the Member, is payable to the Spouse if surviving, during the continued lifetime of the Spouse.

10.06 Conditions Applicable to Optional Forms of Pension

An election to receive an optional form of lifetime retirement pension under paragraph 10.04 or 10.05, as the case may be, may be revoked or changed provided either:

(a) written notice of such revocation or change is received from the Member by the Company at least 30 days prior to payment of the first installment of the lifetime pension benefit; or

(b) the Spouse under a surviving spouse option has died prior to payment of the first installment of the lifetime pension benefit to the Member.

For greater clarity, paragraph 12.08 shall continue to apply if the Member elects one of the optional forms of lifetime retirement pension described in paragraph 10.04 or 10.05. Furthermore, a Member who elects an optional form in accordance with paragraph 10.04 or 10.05 may not elect a level income option under paragraph 10.02.

11.01 Less Than Two (2) Years of Service

A Member who has been a Member for less than two (2) continuous years is entitled on termination of employment to a refund of the Member's contributions and Interest thereon.

11.02 More Than Two (2) Years' Membership: Less Than "45 and 10"

(a) On termination of employment, a Member who has been a Member for at least two (2) continuous years, but has less than ten (10) years of continuous Service or is less than forty-five (45) years of age, is entitled to a lump sum equal to the greater of

(i) the sum of

(A) subject to Article 20, the Actuarially Equivalent lump sum value of the Member's Pension Accrued during the period commencing December 31, 1986 and ending on the Date of Cessation of Membership,

(B) the excess of the Member's contributions made after December 31, 1986 and Interest thereon over fifty percent (50%) of the amount described in subclause (A), and

(C) the Member's contributions made before January 1, 1987 and Interest thereon,

and

(ii) the Member's contributions and Interest thereon.

(b) In lieu of the lump sum calculated in accordance with subparagraph (a), the Member may elect to receive

(i) a lifetime pension the Actuarial Equivalent of which is the amount calculated in accordance with subclauses (a)(i)(A) and (a)(i)(B), but excluding the Actuarial Equivalent of the Supplemental Pension, if applicable, commencing at the Member's Normal Retirement Date, and

(ii) a refund of the Member's contributions made before January 1, 1987 and Interest thereon, and

(iii) the Supplemental Pension, if applicable.

11.03 More Than Fifteen (15) Years' Pensionable Service: Less Than "45 and 10"

A Member who has at least fifteen (15) years of Pensionable Service but is less than forty-five (45) years of age may elect on termination of employment to receive, in lieu of the amount or amounts calculated in accordance with paragraph 11.02 and subject to Article 20, a pension commencing at the Normal Retirement Date equal to the Lifetime Pension plus the Supplemental Pension, if applicable.

11.04 Less Than Fifteen (15) Years' Pensionable Service: More Than "45 and 10"

(a) A Member who is at least forty-five (45) years of age and who has less than fifteen (15) years of Pensionable Service but at least ten (10) years of continuous Service is entitled on termination of employment to a lump sum equal to the sum of:

(i) the amount calculated in accordance with subclauses 11.02(a)(i)(A) and 11.02(a)(i)(B),

(ii) the greater of

(A) the Actuarially Equivalent lump sum value of the Member's Pension Accrued during the period commencing September 30, 1967 and ending December 31, 1986, and

(B) the Member's contributions made during the period commencing September 30, 1967 and ending December 31, 1986 and Interest thereon,

and

(iii) the Member's contributions made before October 1, 1967 and Interest thereon.

(b) In lieu of the lump sum calculated in accordance with subparagraph (a), the Member may elect to receive

(i) a lifetime pension, the Actuarial Equivalent of which is the amount calculated in accordance with clauses (a)(i) and (a)(ii), but excluding the Actuarial Equivalent of the Supplemental Pension, if applicable, commencing at the Member's Normal Retirement Date, and

(ii) a refund of the Member's contributions made before October 1, 1967 and Interest thereon, and

(iii) the Supplemental Pension, if applicable.

11.05 At Least Fifteen (15) Years' Pensionable Service: More Than "45 and 10"

A Member who has at least ten (10) years of continuous Service and is at least forty-five (45) years of age and has at least fifteen (15) years of Pensionable Service may elect on termination of employment to receive

(a) the lump sum provided for in subparagraph 11.04(a),

(b) the pensions and refund provided for in subparagraph 11.04(b), or

(c) the Lifetime Pension plus the Supplemental Pension, if applicable, commencing at the Member's Normal Retirement Rate.

11.06 Management Employees: Two Years as a Member

(a) With effect from January 1, 2001 and notwithstanding paragraphs 11.02, 11.03, 11.04 and 11.05, a Member who is a Management Employee and who has completed two (2) years of continuous Service as a Member shall be entitled on termination of employment to a lump sum equal to the sum of:

(i) The Actuarial Equivalent lump sum value of the Pension Accrued, commencing at the Member's Normal Retirement Date; and

(ii) The excess of the Member's contributions and Interest thereon over fifty percent (50%) of the amount described in clause (i).

This provision shall apply for Pensionable Service accrued on or after January 1, 2001 and during which the Member is a Management Employee. In addition, where the Member is a Management Employee on January 1, 2001, this provision shall apply to the Member's Pensionable Service accrued before such date.

(b) In lieu of the lump sum calculated in accordance with subparagraph (a), the Member may elect to receive a lifetime pension which is the Actuarial Equivalent of such amount, but excluding the Actuarial Equivalent of the Supplemental Pension, if applicable, plus the Supplemental Pension, if applicable, commencing at the Member's Normal Retirement Date.

11.07 Termination of Employment

In this Article, "termination of employment" means cessation of membership in the Plan other than by retirement or death.

11.08 Payment of Benefit or Refund

No benefit or refund to which a Member is entitled under this Article shall be paid out of the Fund otherwise than

(a) as a pension, or

(b) in accordance with Article 13.

12.01 Death Before Early Retirement Eligibility

Where a Member dies before becoming eligible for early retirement, the Member is deemed to have terminated Service on the date of death and not died and the Spouse is entitled to receive a lump sum equal to:

(a) if the Member had been a Member for less than two (2) continuous years, the refund provided for in paragraph 11.01; or

(b) if the Member had been a Member for two (2) or more continuous years, the sum of

(i) the sum of the amounts calculated in accordance with subclauses 11.02(a)(i)(A) and 11.02(a)(i)(B)

or, in lieu of that sum, a pension commencing at Normal Retirement Date and Actuarially Equivalent to that sum, and

(ii) the refund provided for in subclause 11.02(a)(i)(C).

12.02 Death Before Early Retirement Eligibility:
More Than Fifteen (15) Years Pensionable Service

Where a Member dies before becoming eligible for early retirement and has at least fifteen (15) years of Pensionable Service and the sum of the Member's age and Pensionable Service is at least sixty (60) years, the Spouse may elect to receive, in lieu of the benefit provided for in subparagraph 12.01(b), the sum of

(a) the greater of

(i) the sum of the amounts calculated in accordance with subclauses 11.02(a)(i)(A) and 11.02(a)(i)(B), and

(ii) subject to Article 20, fifty percent (50%) of the Actuarially Equivalent lump sum value of the Member's Pension Accrued, but excluding the Actuarial Equivalent of the Supplemental Pension, if applicable, during the period commencing December 31, 1986 and ending on the Date of Cessation of Membership, calculated as if payable to the Spouse from the end of the month of death;

and

(b) the greater of

(i) subject to Article 20, fifty percent (50%) of the Actuarially Equivalent lump sum value of the Member's Pension Accrued, but excluding the Actuarial Equivalent of the Supplemental Pension, if applicable, during the period ending December 31, 1986, calculated as if payable to the Spouse from the end of the month of death, and

(ii) the refund provided for in subclause 11.02(a)(i)(C);

or, in lieu of the sum of the amounts calculated in accordance with subparagraphs (a) and (b), a pension payable to the Spouse from the end of the month of death and Actuarially Equivalent to that sum.

12.03 Death Before Early Retirement Eligibility: Former Member

Where a Former Member dies before becoming eligible for early retirement, the Spouse is entitled to receive:

(a) a pension commencing at Normal Retirement Date and Actuarially Equivalent to the sum of the amounts calculated in accordance with subclauses 11.02(a)(i)(A) and 11.02(a)(i)(B), and

(b) the Former Member's contributions made before January 1, 1987 and Interest thereon, to the extent they had not been earlier refunded to the Former Member.

12.04 Death After Becoming Eligible for Early Retirement

Where a Member or Former Member dies after becoming eligible for early retirement, but before retirement, the Spouse is entitled to receive

(a) subject to Article 20, a pension equal to sixty percent (60%) of the Pension Accrued during the period commencing December 31, 1986 and ending on the Date of Cessation of Membership that the Member or Former Member would have been entitled to receive had the Member or Former Member elected to retire on the date of death and not died. For purposes of this subparagraph, "Pension Accrued" includes a lifetime pension that is Actuarial Equivalent to the excess of (i) over (ii), where:

(i) equals the Member's contributions made after December 31, 1986 and Interest thereon, and

(ii) equals fifty percent (50%) of the Actuarially Equivalent lump sum value of the Member's Pension Accrued during the period commencing December 31, 1986 and ending on the Date of Cessation of Membership.

and

(b) a refund of the Member's or Former Member's contributions made before January 1, 1987 and Interest thereon, to the extent, in the case of a Former Member, they had not been earlier refunded to the Former Member.

With effect from January 1, 2001, the Spouse of a Member who is a Management Employee on the date of death and who is entitled to a pension in accordance with this paragraph may elect to transfer the Actuarially Equivalent lump sum value of the pension to a Locked-In Retirement Fund.

12.05 Death After Becoming Eligible for Early Retirement: More Than Fifteen (15) Years Pensionable Service

Where a Member dies after becoming eligible for early retirement, but before retirement and has at least fifteen (15) years of Pensionable Service and the sum of the Member's age and Pensionable Service is at least sixty (60) years, the Spouse may elect to receive, in lieu of the benefit provided for in paragraph 12.04,

(a) the greater of

(i) the lifetime pension calculated as the Actuarial Equivalent of the benefit determined in accordance with subparagraph 12.04(a), and

(ii) a pension equal to fifty percent (50%) of the Member's Pension Accrued, but excluding the Supplemental Pension, if applicable, during the period commencing December 31, 1986 and ending on the Date of Cessation of Membership,

and

(b) either

(i) a pension equal to fifty percent (50%) of the Member's Pension Accrued, but excluding the Supplemental Pension, if applicable, during the period ending December 31, 1986, or

(ii) the refund provided for in subclause 11.02(a)(i)(C), or, in lieu of the lump sum amount calculated in accordance with this clause, an immediate pension payable to the Spouse and Actuarially Equivalent to the lump sum amount determined in accordance with this clause.

With effect from January 1, 2001, the Spouse of a Member who is a Management Employee on the date of death and who is entitled to a pension in accordance with this paragraph may elect to transfer the Actuarially Equivalent lump sum value of the pension to a Locked-In Retirement Fund.

12.06 Death After Becoming Eligible for Early Retirement, More than Fifteen (15) Years Pensionable Service and Prior to Age 55

Where:

(a) a Member dies after becoming eligible for early retirement, but before retirement,

(b) the Member has at least fifteen (15) years of Pensionable Service at his date of death,

(c) the sum of the Member's age and Pensionable Service is at least sixty (60) years at his date of death, and

(d) the Member's age at his date of death is less than age 55,

the Member's Spouse is entitled to receive one of the following four options:

(e) the refund provided for in subclause 11.02(a)(i)(C), or the pension chosen by the Spouse in lieu thereof, plus, in respect of Pensionable Service after December 31, 1986, an immediate lifetime pension equal to the greater of the pensions for this period of Pensionable Service as determined in paragraphs 12.01 and 12.04,

(f) the refund provided for in subclause 11.02(a)(i)(C) plus, in respect of Pensionable Service after December 31, 1986, the Actuarially Equivalent lump sum value of the lifetime pension to the Spouse as determined in clause (e),

(g) the greater of the lifetime pensions payable to the Spouse as determined in paragraphs 12.02 and 12.05, or

(h) the Actuarially Equivalent lump sum value of the lifetime pension to the Spouse as determined in subparagraph (g).

12.07 Death After Retirement

(a) Subject to an election of an optional form of pension in accordance with paragraph 10.04 or paragraph 10.05, where a Pensioner dies, the Spouse of the Pensioner at the Retirement Date is entitled to a pension equal to,

(i) if the Spouse elected in prescribed form in accordance with Article 9, fifty percent (50%) of the pension that the Pensioner was receiving or, if the Pensioner had elected the option contained in paragraph 10.02, fifty percent (50%) of the pension that the Pensioner would have received if the Pensioner had not so elected, or

(ii) if the Spouse did not elect in prescribed form in accordance with Article 9, sixty percent (60%) of the pension, including the temporary pension in payment, if any, that the Pensioner was receiving or, if the Pensioner had elected the option contained in paragraph 10.02, sixty percent (60%) of the lifetime pension that the Pensioner would have received if the Pensioner had not so elected; provided, however, that if such Spouse and the Pensioner were parties to a valid agreement or court order determining their entitlement to pension assets effective as of divorce, annulment or separation, the Spouse’s entitlement to the pension assets shall be determined by the agreement or court order. For added clarity, the portion of the temporary pension payable to the Member’s Spouse after the Member’s date of death, if any, shall cease on the end of the month in which the earlier of the Spouse’s date of death and the date the Member would have attained age 65 occurs.

(b) Where a Pensioner dies and the Pensioner

(i) had no Spouse at the Retirement Date,

(ii) had a Spouse at the Retirement Date whose entitlement in respect of the Pensioner’s pension assets was determined by a valid agreement or court order effective as of divorce, annulment or separation, or

(iii) had a Spouse at the Retirement Date who predeceased the Pensioner,

the Pensioner's Post-Retirement Spouse is entitled to a lifetime pension equal to:

(iv) fifty percent (50%) of the pension, excluding the temporary pension, if any, that the Pensioner was receiving and of any pension, excluding the temporary pension, if any, payable to the Pensioner's Spouse that ceased being payable to the Spouse on the death of the Pensioner, or

(v) if the Pensioner had elected the option contained in paragraph 10.02, fifty percent (50%) of the pension, excluding the temporary pension, if any, that the Pensioner would have received and of any pension, excluding the temporary pension, if any, payable to the Pensioner's Spouse that ceased being payable to the Spouse on the death of the Pensioner, if the Pensioner had not so elected,

subject, however, to any continuing entitlement of the Spouse at Retirement Date to the Pensioner's pension assets pursuant to a valid agreement or court order effective as of divorce, annulment or separation.

12.08 Refund of Residual Contributions

(a) Where a Member, Former Member or Pensioner dies and has no Spouse or Post-Retirement Spouse, a refund of that person's contributions and Interest thereon accrued to the earlier of the date of death or the Retirement Date, less any pension, lump sums or prior refunds paid from the Fund in respect of that person, shall be paid to that person's estate.

(b) Where a Spouse or Post-Retirement Spouse receiving or entitled to receive a pension under this Article dies, the contributions of the Member, Former Member or Pensioner, as the case may be, and Interest thereon accrued to the earlier of the date of death of the Member or Former Member or the Retirement Date of the Pensioner, less any pension, lump sums or prior refunds paid from the Fund in respect of the Member, Former Member or Pensioner, shall be paid to the Spouse's or the Post-Retirement Spouse's estate.

12.09 Spouse: More Than Ten (10) Years Younger than Pensioner

Notwithstanding anything contained elsewhere in this Article, where a Spouse or Post-Retirement Spouse, as the case may be, has elected to receive, or will by operation of this Article receive, a pension or a lump sum under paragraph 12.02, paragraph 12.05, clause 12.07(a)(i) or subparagraph 12.07(b) and that Spouse or Post-Retirement Spouse is more than ten (10) years younger than the Pensioner, the lifetime pension or lump sum to the Spouse or Post-Retirement Spouse shall be reduced by one percent (1%) for each complete year of difference in their ages beyond ten (10) years and the reduction in respect of any remaining portion of a year of difference shall be calculated proportionately.

12.10 Payment of Benefit or Refund

No benefit or refund to which a Spouse is entitled under this Article shall be paid out of the Fund otherwise than

(a) as a pension, or

(b) in accordance with Article 13.

12.11 Increased Benefits to Spouse and Post-Retirement Spouse

With respect to Members who have TC/USWA Service or CAW-TCA Service, the percentage rate of fifty percent (50%) provided in paragraphs 12.02, 12.05 and 12.07 is replaced by the rate of fifty-five percent (55%) in respect of TC/USWA Service and CAW-TCA Service.

13.01 Voluntary Portability

Where:

(a) a Member who is a Management Employee ceases to be a Member, or

(b) any other Member ceases to be a Member before the later of:

(i) the date the Member becomes eligible to retire under paragraph 7.02, and

(ii) the age of fifty-five (55) years,

and the Former Member or the Spouse, as the case may be, has become entitled to receive an amount pursuant to Article 11 or 12 in consequence of the cessation of membership, or Article 9 for a Member who was a Management Employee, and, where applicable, has not elected to receive a pension in lieu thereof,

(c) an amount equal to

(i) the Member's contributions made in respect of Service prior to October 1, 1967, and Interest thereon, except where the Member is entitled to receive an amount in accordance with paragraph 11.06 for such Service,

(ii) the Member's contributions made in respect of Service between October 1, 1967, and December 31, 1986, and Interest thereon, where on termination of employment the Former Member did not have ten (10) years of continuous Service or had not attained the age of forty-five (45) years, except where the Member is entitled to receive an amount in accordance with paragraph 11.06 for such Service, and

(iii) the Member's contributions made in respect of Service after December 31, 1986, and Interest thereon, where on termination of employment the Former Member had not been a Member for two (2) years,

shall be paid by cheque issued to the Former Member or Spouse, as the case may be, by transfer of the amount to another registered pension plan if that plan permits, by transfer of the amount to a registered retirement savings plan or by application of the amount to the purchase of an annuity, whether or not such pension plan, registered retirement savings plan or annuity is of the kind prescribed by the Regulations;

and

(d) any other amount shall be paid by transfer of the amount to another registered pension plan if that plan permits, by transfer of the amount to a registered retirement savings plan or by application of the amount to the purchase of an annuity, provided that the pension plan, registered retirement savings plan or annuity is of the kind prescribed by the Regulations.

13.02 Voluntary Portability: Notification

The Former Member or Spouse shall notify the pension department, in the manner prescribed by the Regulations, of any direction as to transfer or application of any amount under Article 13.

13.03 Compulsory Portability

Where, at any time, a Member ceases to be a Member and the Actuarially Equivalent lump sum of the Member's pension is less than ten percent (10%) of the Year's Maximum Pensionable Earnings for the calendar year in which cessation of membership occurs, the Former Member or Spouse, as the case may be, must

(a) transfer that lump sum to another pension plan, if that other plan permits,

(b) transfer that lump sum to a registered retirement savings plan of the prescribed kind for the Former Member or Spouse, as the case may be, or

(c) use the whole of that lump sum to purchase an immediate or deferred life annuity of the kind prescribed by the Regulations for the Former Member or Spouse, as the case may be.

13.04 Transfer Agreements

The Company may, with the approval of the Board, enter into agreements with other employers in respect of employees who cease employment with one of the parties and commence employment with the other, for the transfer of pension benefit credits, as defined in the Act, and such related matters as may be agreed upon.

13.05 Maximum Transfer Value

Notwithstanding anything else in this Article, where an amount to be transferred pursuant to this Article, paragraph 9.06 or subparagraph 4.03(c) exceeds the amount permitted to be transferred pursuant to the Income Tax Act (Canada) and the Regulations thereunder, the excess shall not be transferred but shall be paid by cheque to the Member or Former Member.

13.06 Non-resident Former Members

(a) Notwithstanding paragraphs 13.01 and 13.03, where a Former Member is not a resident of Canada and has not been a resident of Canada in the year of the Date of Cessation of Membership or in the two (2) calendar years immediately preceding that year, the Former Member may direct that any amount to which the Former Member has become entitled pursuant to Article 11 (and has not elected to receive a pension in lieu thereof) be paid by cheque issued to the Former Member, by transfer of the amount to a retirement savings plan, by transfer of the amount to a pension plan, if that other plan permits, or by application of the amount to the purchase of an annuity, whether or not such pension plan, retirement savings plan or annuity is of the kind prescribed by the Regulations.

(b) A Former Member shall be deemed to have been a resident of Canada throughout a calendar year if the Former Member has sojourned in Canada in the year for a period of, or periods the total of which is, one hundred and eighty-three (183) days or more.

14.01 Proof of Age and Entitlement

(a) Every Employee shall furnish to the pension department, when required to do so, proof of age satisfactory to the pension department.

(b) Every Member, Former Member, Pensioner, Spouse or Post-Retirement Spouse, as the case may be, shall furnish, as may be required, proof (including proof of marriage and age where applicable) satisfactory to the Committee of that person's entitlement to any pension, lump sum or refund under this Plan.

14.02 Pensioner's Report

Every Pensioner and every Spouse or Post-Retirement Spouse receiving a pension under this Plan shall, upon request, furnish to the pension department such information in such form as the Company may require.

14.03 Retirement Notice

At least six (6) months' notice shall be given by the Company to Members who are to be retired at the age of sixty-five (65) years.

14.04 Communications to Employees

(a) Each Member and each Employee who is eligible to become a Member, and that person's Spouse, shall be given in the circumstances and manner prescribed in the Regulations

(i) a written explanation of the Plan,

(ii) a written explanation of any applicable amendments thereto, within six (6) months after the making of the amendment, and

(iii) such other information as is prescribed by the Regulations.

(b) Each Member and each Member's Spouse shall be given, in the circumstances and manner prescribed by the Regulations, a written statement in respect of each of the three (3)-year periods ending in 1989 and 1992, and annually thereafter, showing

(i) the pension benefits to which the Member is entitled at the end of the year,

(ii) the value of accumulated contributions made by the Member expressed in the manner prescribed in the Regulations,

(iii) the funded ratio of the Plan, and

(iv) such other information as is prescribed in the Regulations.

(c) Each Member and Spouse may, once in each year of operation of the Plan, either personally or by an agent authorized in writing for that purpose,

(i) examine the documents filed with the Superintendent after December 31, 1986 pursuant to paragraph 10(1)(a) or 10(1)(b) or section 12 of the Act or any Regulations made under paragraph 39(i) of the Act, at the pension department of the Company or at such other place as is agreed to by the Secretary of the Committee and the person requesting to examine the documents, and

(ii) order, in writing, a photocopy of any such documents and the Company shall comply with such order upon payment of such reasonable fee as the Company may fix.

(d) Where a Member retires or ceases to be a Member, the Company shall give to that Member and to the Spouse (and, in the case of the Member's death, the Member's estate) a written statement, in the form prescribed by the Regulations, of the Member's pension benefits and other benefits payable under the Plan, within thirty (30) days (or such longer period as the Superintendent may allow) after the Retirement Date or the Date of Cessation of Membership, as the case may be.

14.05 Commutation of Pension

Notwithstanding anything to the contrary in this Plan, if at the Date of Cessation of Membership a Former Member's or Spouse's monthly pension is less than one-twelfth (1/12) of four percent (4%) of the Year's Maximum Pensionable Earnings, the Actuarially Equivalent lump sum value shall, where a pension has not been elected in lieu thereof, be paid by cheque issued to the Former Member or the Spouse, as the case may be, or be transferred to a retirement savings plan, to a pension plan, if that other plan permits, or be applied to the purchase of an annuity, whether or not such retirement savings plan, pension plan or annuity is of the kind prescribed by the Regulations.

14.06 Pensions to Incompetents

Where the Committee is satisfied, on the basis of medical evidence, that a person entitled to receive any pension, lump sum or refund under this Plan is physically or mentally incompetent to receive it and there is no guardian, curator, committee or other representative legally responsible for the estate of such person, the Committee may make payment in trust for such person to such other person, group of persons or agency as, in the opinion of the Committee, is best qualified to receive and administer the payment.

14.07 Payments to Estates

Any payment that is to be made to the estate of a Member, Former Member, Pensioner, Spouse or Post-Retirement Spouse shall be made to that person's legal representatives, or if no legal representative has been appointed, to such person or persons as the Committee may, in its sole discretion, determine upon such person or persons furnishing such evidence and giving such security as the Committee may require.

14.08 Currency of Payments

(a) In respect of Members whose Date of Cessation of Membership is prior to January 1, 2002: All pensions, lump sums and refunds, including Interest, shall be paid in

the same currency as that in which the last payment of salary or wages was made to the Member, subject to paragraph 14.18 where applicable.

(b) In respect off all other Members: All pensions, lump sums and refunds, including Interest, shall be calculated and paid in Canadian currency.

14.09 Interest on Late Payments

Interest shall be paid on any amount transferred from the Fund in accordance with Article 13 from the day following the Date of Cessation of Membership to the last day of the month preceding the month in which the amount is paid.

14.10 Statutory Pension Plans

If

(a) the Company is required at any time, by statutory enactment or otherwise, to make contributions to any pension fund or plan other than the Canada Pension Plan or the Quebec Pension Plan, or

(b) a change occurs in the rate at which the Company is required to make contributions under the Canada Pension Plan or the Quebec Pension Plan,

then, subject to the Act and Regulations and with the approval of the Committee and the Board, the Plan may be amended so that the pension benefits provided in this Plan shall be integrated with any that may be introduced by reason of revision or creation of other pension plans to which the Company is or may become subject in such manner as will, to the fullest extent possible, prevent the Company from being subjected to additional financial burdens while at the same time providing that Members remain generally in as favourable an overall position as that which existed prior to the introduction of improved benefits or new benefits under such other pension plans; provided, however, that no such amendment of this Plan shall affect the Pension Accrued of each Member at that date.

14.11 Reemployment of Pensioner

(a) The pension payable to any Pensioner of less than sixty-nine (69) years of age employed by the Company shall, with the approval of the Pensioner, be suspended during the period of such employment.

(b) Payment of a pension suspended pursuant to subparagraph (a) shall recommence on the first day of the month following the earlier of

(i) the day the Pensioner attains the age of sixty-nine (69) years, and

(ii) termination of the period of employment,

and the amount of pension payable to the Pensioner shall be increased so that the value of the pension is Actuarially Equivalent to the value of the pension immediately prior to the period of suspension of payment.

(c) The Retirement Date of a Pensioner shall not be affected by the suspension or consequent adjustment of a pension pursuant to this paragraph.

(d) Where a Pensioner whose pension has at any time been suspended pursuant to subparagraph (a) dies, the benefit to which the Spouse or Post-Retirement Spouse is entitled under Article 12 shall be calculated on the basis of the pension the Pensioner was receiving at the time of death; and where the Pensioner dies while employed by the Company, the pension shall be increased as if the Pensioner had terminated employment on the date of death and not died.

14.12 Assignment and Garnishment

Except as otherwise provided under the Act, no pension benefit, as defined in the Act, provided under the Plan is capable of being assigned, charged, anticipated or given as security or confers on a Member or Former Member, that person's personal representative or dependent or other person, any right or interest therein that is capable of being assigned, charged, anticipated or given as security; and no pension or deferred pension is capable of being surrendered or commuted during the lifetime of the Member, Former Member, Spouse or Post-Retirement Spouse or confers on a Member or Former Member, that person's personal representative or dependent or other person, any right or interest therein that is capable of being surrendered or commuted during the lifetime of the Member, Former Member, Spouse or Post-Retirement Spouse.

14.13 Interest on Contributions

For the purpose of computing Interest, contributions made before January 1, 1987 shall be deemed to have been made on the last day of the calendar year in which they were made.

14.14 Compliance with Act and Regulations

Where any pension, lump sum or refund is required under the Act or Regulations to be administered, or paid, in a manner different from that stipulated in this Plan or to be paid to a person other than the person stipulated in this Plan, the pension, lump sum or refund shall, notwithstanding the provisions of this Plan, be administered or paid in accordance with the Act or Regulations.

14.15 Company Rights

(a) Nothing contained in this Plan shall affect any rights which the Company otherwise has to terminate the employment of any employee at any time.

(b) The Committee may, subject to the approval of the Board, amend or repeal this Plan; provided, however, that no amendment or repeal shall reduce the entitlement of any person to a Pension Accrued at the date of the amendment or repeal. The amendment provisions of the Defined Contribution Provision are set out in Appendix B.

(c) Notwithstanding the Company's general power to amend the Plan subject to Board approval, the Company, through the joint approval of any two of the following officers of the Company:

(i) President and Chief Executive Officer,

(ii) Vice-President, Human Resources and Industrial Relations,

(iii) Executive Vice-President and Chief Financial Officer, and

(iv) any other officer designated by the Board,

shall have specific authority, without the need for Board approval, to make amendments that:

(v) document administrative practice or clarify interpretation,

(vi) are required as a result of changes in the Act, Regulations, Income Tax Act (Canada) or Income Tax Regulations (Canada),

(vii) are requested by the regulators of the Act, Regulations, Income Tax Act (Canada) or Income Tax Regulations (Canada), or

(viii) result in only minor modifications to the Plan provisions,

and provided such amendments have a minimal or no financial impact on the Company or the Plan.

14.16 Sex Discrimination

(a) The sex of a Member or Former Member or of that person's Spouse shall not be taken into account for purposes of determining the amount of any contribution to be paid by the Member after December 31, 1986 or the amount of any benefit to which the Member or Former Member or that person's Spouse becomes entitled under the Plan after December 31, 1986.

(b) Notwithstanding subparagraph 14.16(a), amounts transferred in the circumstances contemplated under section 26 of the Act may vary according to the sex of the Member, Former Member or that person's Spouse or Post-Retirement Spouse, if the variation is such that the pension benefit payable does not vary materially according to the sex of such persons.

14.17 Compliance with Income Tax Act (Canada)

(a) Where a Member is absent on leave in accordance with subparagraph 6.05 and is also a Member of a registered pension plan or plans sponsored by a Union and, in any year, the Member's pension credits, in the aggregate, exceed the lesser of

(i) the money purchase limit for the year, and

(ii) eighteen percent (18%) of the Member's compensation for the year,

the Member's Pension Accrued, but excluding the Supplemental Pension, in respect of that year shall be reduced such that the Member's pension credits, in the aggregate, no longer exceed the aforesaid limit and a proportionate amount of the contributions made by the Member under this Plan in respect of that year shall be returned to the Member, unless the Member establishes to the satisfaction of the Committee that the Member's pension credit or credits under the other registered pension plan or plans has or have been reduced such that the aforesaid limit is no longer exceeded.

(b) For the purposes of this paragraph, the terms "registered pension plan", "pension credit", "money purchase limit" and "compensation" all have the same meaning as in the Income Tax Act (Canada) and Regulations thereunder.

14.18 Non-Canadian Currency Based Pension for Members Whose Date of Cessation of Membership is On or After August 1, 1991 and Prior to January 1, 2002

Notwithstanding subparagraph 14.08(a), where a Member's Date of Cessation of Membership is on or after August 1, 1991 and prior to January 1, 2002, that portion of the Member's pension in respect of Pensionable Service after July 31, 1991 converted into Canadian currency based on the exchange rate applicable in the month that such pension payment is made shall not exceed an amount equal to the product of:

(a) Pensionable Service on and after August 1, 1991,

(b) The lesser of:

  (i) Two percent (2%) of the Member's Best Average Canadian Earnings, and

  (ii) One-twelfth (1/12) of the Defined Benefit Limit for the year in which the pension commences to be paid,

(c) The applicable early retirement reduction factor contained in the *Income Tax Regulations*, and

(d) The Consumer Price Index for Canada for the month ending three months prior to the date of the monthly pension payment described herein divided by the Consumer Price Index for Canada for the month ending three months prior to the date Member's pension commences to be paid.

(e) For the purposes of subparagraph (b) above, the Member's Best Average Canadian Earnings means:

  (i) With respect to a Member engaged to work on a full-time basis, the average monthly Base Earnings of the Member during the thirty-six (36) months ending with the month in which the Date of Cessation of Membership occurs, and

  (ii) With respect to a Member engaged to work on a part-time basis, an amount equal to the sum of the Base Earnings of the Member during the seven hundred and fifty six (756) days of Pensionable Service ending with the day on which the Date of Cessation of Membership occurs divided by thirty-six (36),

  where, for purposes of the calculations set out in clauses (i) and (ii) above, Base Earnings for any particular month shall be converted into Canadian currency based on the exchange rate applicable in the month in which the Base Earnings were in respect of.

15.01 Application

This Article applies to Pensioners, Spouses and Post-Retirement Spouses who receive pensions that are payable under this Plan in the currency of Canada or the United States of America.

15.02 Effective Date: Order of Application

This Article shall come into effect on July 1, 1987; provided, however, that for the sole purpose of determining the order in which the respective ad hoc pension increases provided for in this Article are to be applied, they shall be deemed to have come into effect in the order in which they appear in this Article.

15.03 Ad Hoc Increases Cumulative

The ad hoc pension increases provided for in this Article shall be cumulative, with each such increase calculated on the basis of the pension payable as the result of all prior applicable ad hoc pension increases.

15.04 Level Income Option Not Taken into Account

For the purposes of calculating the amount of any ad hoc pension increase that is expressed in this Article as a percentage of the pension payable to a Pensioner, Spouse or Post-Retirement Spouse, no account shall be taken of the effect of any election made under paragraph 10.02.

15.05 1977 Ad Hoc

The amount of pension payable under the Plan to Pensioners who retired prior to January 1, 1973 and their Spouses, and to Spouses of Members who died in Service prior to January 1, 1973 shall be increased by the excess, if any, of two percent (2%) thereof for each year of retirement up to December 31, 1976 or for each year from the date of death in Service to December 31, 1976, pro-rated in either case for part years, over any increase in the amount of pension that resulted from adjustments made to the pension formula in 1971 and 1973, provided that:

(a) for any such Pensioner with twenty (20) or less years of Pensionable Service at Retirement Date, the amount of the increase shall be limited so that the annual amount of pension payable under the Plan together with the annual amount of any pension payable to the Pensioner by a third party in accordance with a transfer agreement contemplated in paragraph 13.04 shall not exceed $3,600;

(b) for any such Pensioner with more than twenty (20) but less than thirty-five (35) years of Pensionable Service at Retirement Date, the amount of the increase shall be limited so that the annual amount of pension payable under the Plan together with the annual amount of any pension payable to the Pensioner by a third party in accordance with a transfer agreement contemplated in paragraph 13.04 shall not exceed $3,600 plus $100 for each year of Pensionable Service in excess of twenty (20) years;

(c) for any such Pensioner with thirty-five (35) or more years of Pensionable Service at Retirement Date, the amount of the increase shall be limited so that the annual amount of pension payable under the Plan together with the annual amount of any pension payable to the Pensioner by a third party in accordance with a transfer agreement contemplated in paragraph 13.04 shall not exceed $5,100; and

(d) where by virtue of subparagraph (a), (b) or (c) an increase that would otherwise be payable to a Pensioner is reduced and that Pensioner is in receipt of a pension payable by a third party in accordance with a transfer agreement contemplated in paragraph 13.04, the amount of the increase shall be further reduced by the percentage that such pension bears to the Pensioner's combined pensions.

15.06 1978 Ad Hoc

The amount of pension payable under the Plan to Pensioners who retired prior to January 1, 1973 and their Spouses, and to Spouses of Members who died in Service prior to January 1, 1973 shall be increased as follows:

PENSIONERS		**SPOUSES**	
Monthly Pension ($)	Monthly Ad Hoc Pension Increase ($)	Monthly Pension ($)	Monthly Ad Hoc Pension Increase ($)
Under 200	9.00	Under 100	4.50
200 to 249.99	8.00	100 to 124.99	4.00
250 to 299.99	7.00	125 to 149.99	3.50
300 to 349.99	6.00	150 to 174.99	3.00
350 to 449.99	5.00	175 to 224.99	2.50

For the purposes of the application of the above table, "Monthly Pension" includes the monthly amount of any pension payable by a third party to a Pensioner or Spouse in accordance with a transfer agreement contemplated in paragraph 13.04 and, where the Pensioner or Spouse is in receipt of such a pension, the amount of the ad hoc pension increase provided for by this paragraph shall be reduced by the percentage that such pension bears to the Pensioner's or Spouse's combined pensions.

15.07 1980 Ad Hoc

The amount of pension payable under the Plan to Pensioners who retired prior to January 1, 1973 and their Spouses, and to Spouses of Members who died in Service prior to January 1, 1973 shall be increased by the greater of five percent (5%) thereof or ten dollars ($10) per month for Pensioners and five dollars ($5) per month for Spouses; provided, however, that where a Pensioner or Spouse is in receipt of a pension payable by a third party in accordance with a transfer agreement contemplated in paragraph 13.04, the amounts of ten dollars ($10) and five dollars ($5) shall be reduced by the percentage that such pension bears to the Pensioner's or Spouse's combined pensions.

15.08 1982 Ad Hoc

The amount of pension payable under the Plan to Pensioners who retired prior to January 1, 1974 and their Spouses, and to Spouses of Members who died in Service prior to January 1, 1974 shall be increased by the greater of four percent (4%) thereof or ten dollars ($10) per month by Pensioners and five dollars ($5) per month for Spouses; provided, however, that where a Pensioner or Spouse is in receipt of a pension payable by a third party in accordance with a transfer agreement contemplated in paragraph 13.04, the amounts of ten dollars ($10) and five dollars ($5) shall be reduced by the percentage that such pension bears to the Pensioner's or Spouse's combined pensions.

15.09 1983 Ad Hoc

The amount of pension payable under the Plan to Pensioners who retired prior to January 1, 1975 and their Spouses, and to Spouses of Members who died in Service prior to January 1, 1975 shall be increased by the greater of four percent (4%) thereof or ten dollars ($10) per month for Pensioners and five dollars ($5) per month for Spouses; provided, however, that where a Pensioner or Spouse is in receipt of a pension payable by a third party in accordance with a transfer agreement contemplated in paragraph 13.04, the amounts of ten dollars ($10) and five dollars ($5) shall be reduced by the percentage that such pension bears to the Pensioner's or Spouse's combined pensions.

15.10 1984 Ad Hoc

The amount of pension payable under the Plan to Pensioners who retired prior to January 1, 1975 and their Spouses, and to Spouses of Members who died in Service prior to January 1, 1975 shall be increased by the greater of four percent (4%) thereof or ten dollars ($10) per month for Pensioners and five dollars ($5) per month for Spouses; provided, however, that where a Pensioner or Spouse is in receipt of a pension payable by a third party in accordance with a transfer agreement contemplated in paragraph 13.04, the amounts of ten dollars ($10) and five dollars ($5) shall be reduced by the percentage that such pension bears to the Pensioner's or Spouse's combined pensions.

15.11 1985 Ad Hoc

The amount of pension payable under the Plan to Pensioners who retired prior to January 1, 1976 and their Spouses, and to Spouses of Members who died in Service prior to January 1, 1976 shall be increased by the greater of one percent (1%) thereof or a monthly amount as follows:

Year of Death in Service or Retirement	Pensioners	Spouses
1975	$5.00	$2.50
1974	6.50	3.25
1973	8.00	4.00
1972	9.50	4.75
1971	11.00	5.50
1970	12.50	6.25
1969	14.00	7.00
1968	15.50	7.75
1967	17.00	8.50
1966	18.50	9.25
1965 and earlier	20.00	10.00

provided, however, that where a Pensioner or Spouse is in receipt of a pension payable by a third party in accordance with a transfer agreement contemplated in paragraph 13.04, the monthly amount appearing in the foregoing table that would otherwise apply to the Pensioner or Spouse shall be reduced by the percentage that such pension bears to the Pensioner's or Spouse's combined pensions.

15.12 1986 Ad Hoc

The amount of pension payable under the Plan to Pensioners who retired prior to January 1, 1977 and their Spouses, and to Spouses of Members who died in Service prior to January 1, 1977 shall be increased by the greater of one percent (1%) thereof or a monthly amount as follows:

Year of Death in Service or Retirement	Pensioners	Spouses
1976	$5.00	$2.50
1975	5.00	2.50
1974	6.50	3.25
1973	8.00	4.00
1972	9.50	4.75
1971	11.00	5.50
1970	12.50	6.25
1969	14.00	7.00
1968	15.50	7.75
1967	17.00	8.50
1966	18.50	9.25
1965 and earlier	20.00	10.00

provided, however, that where a Pensioner or Spouse is in receipt of a pension payable by a third party in accordance with a transfer agreement contemplated in paragraph 13.04, the monthly amount appearing in the foregoing table that would otherwise apply to the Pensioner or Spouse shall be reduced by the percentage that such pension bears to the Pensioner's or Spouse's combined pensions.

15.13 1987 Ad Hoc

The amount of pension payable under the Plan to Pensioners who retired prior to January 1, 1977 and their Spouses or Post-Retirement Spouses, and to Spouses of Members who died in Service prior to January 1, 1977 shall, with retroactive effect to January 1, 1987, be increased by the greater of one percent (1%) thereof or a monthly amount as follows:

Year of Death in Service or Retirement	**Pensioners**	**Spouses or Post-Retirement Spouses**
1976	$5.00	$2.50
1975	5.00	2.50
1974	6.50	3.25
1973	20.00	10.00
1972	23.75	11.88
1971	27.50	13.75
1970	31.25	15.63
1969	35.00	17.50
1968	38.75	19.38
1967	42.50	21.25
1966	46.25	23.13
1965 and earlier	50.00	25.00

provided, however, that where a Pensioner, Spouse or Post-Retirement Spouse is in receipt of a pension payable by a third party in accordance with a transfer agreement contemplated in paragraph 13.04, the monthly amount appearing in the foregoing table that would otherwise apply to the Pensioner, Spouse or Post-Retirement Spouse shall be reduced by the percentage that such pension bears to that person's combined pensions.

15.14 1988 Ad Hoc

The amount of pension payable under the Plan to Pensioners who retired prior to January 1, 1977 and their Spouses or Post-Retirement Spouses, and to Spouses of Members who died in Service prior to January 1, 1977 shall, with retroactive effect to January 1, 1988, be increased by the greater of one percent (1%) thereof or a monthly amount as follows:

Year of Death in Service or Retirement	Pensioners	Spouses or Post-Retirement Spouses
1976	$5.00	$2.50
1975	5.00	2.50
1974	6.50	3.25
1973	20.00	10.00
1972	23.75	11.88
1971	27.50	13.75
1970	31.25	15.63
1969	35.00	17.50
1968	38.75	19.38
1967	42.50	21.25
1966	46.25	23.13
1965 and earlier	50.00	25.00

provided, however, that where a Pensioner, Spouse or Post-Retirement Spouse is in receipt of a pension payable by a third party in accordance with a transfer agreement contemplated in paragraph 13.04, the monthly amount appearing in the foregoing table that would otherwise apply to the Pensioner, Spouse or Post-Retirement Spouse shall be reduced by the percentage that such pension bears to that person’s combined pensions.

15.15 1989 Ad Hoc

The amount of pension payable under the Plan to Pensioners who retired prior to January 1, 1978 and their Spouses or Post-Retirement Spouses, and to Spouses of Members who died in Service prior to January 1, 1978 shall, with retroactive effect to January 1, 1989, be increased by the greater of one percent (1%) thereof or a monthly amount as follows:

Year of Death in Service or Retirement	Pensioners	Spouses or Post-Retirement Spouses
1977	$5.00	$2.50
1976	5.00	2.50
1975	5.00	2.50
1974	6.50	3.25
1973	20.00	10.00
1972	23.75	11.88
1971	27.50	13.75
1970	31.25	15.63
1969	35.00	17.50
1968	38.75	19.38
1967	42.50	21.25
1966	46.25	23.13
1965 and earlier	50.00	25.00

provided, however, that where a Pensioner, Spouse or Post-Retirement Spouse is in receipt of a pension payable by a third party in accordance with a transfer agreement contemplated in paragraph 13.04, the monthly amount appearing in the foregoing table that would otherwise apply to the Pensioner, Spouse or Post-Retirement Spouse shall be reduced by the percentage that such pension bears to that person's combined pensions.

15.16 1999 Ad Hoc

The amount of pension payable under the Plan to Pensioners who retired prior to January 1, 1982 and their Spouses or Post-Retirement Spouses, and to Spouses of Members who died in Service prior to January 1, 1982 shall, with retroactive effect to January 1, 1999, in respect of those Pensioners, Spouses or Post-Retirement Spouses still in receipt of pension in January 2000, be increased by 2.3% thereof.

Notwithstanding Article 16, this paragraph shall not be taken into account in the determination of the increase in pension under that Article on January 1, 2000.

16.01 Eligibility

This Article shall apply to Pensioners, Spouses and Post-Retirement Spouses who, on the first day of January of the year 1990 or of any subsequent year, are

(a) Pensioners, who, as of December 31st of the immediately preceding year have reached the age of sixty-five (65) and have been retired for at least five (5) years,

(b) Spouses or Post-Retirement Spouses, as the case may be, of deceased Pensioners who, had they not died, would have been Pensioners described in subparagraphs (a) or (d) as the case may be, and

(c) Spouses of Members who died in Service, who, as of December 31st of the immediately preceding year, have been deceased for at least five (5) years and, had they not died, would have reached the age of sixty-five (65).

(d) With respect to Members who have CAW-TCA Service, the age provided in subparagraph (a) shall reduce to sixty-three (63) in respect of CAW-TCA Service.

(e) With respect to Spouses of Members who have CAW-TCA Service and who died in Service, the age provided in subparagraph (c) shall reduce to sixty-three (63) in respect of CAW-TCA Service.

16.02 Effective Date

On January 1 of the year 1990 and of each year thereafter the pensions then payable to all persons to whom this Article applies shall be increased in accordance with paragraph 16.03.

16.03 Indexation Formula

The amount by which any pension shall be increased shall be calculated by multiplying

(a) the least of

(i) fifty percent (50%) of (A) divided by (B) minus (C), with such amount not to be less than zero (0), where:

(A) is the average of the Consumer Price Indices for each month in the twelve (12) month period ending on the immediately preceding September 30th,

(B) is the average of the Consumer Price Indices for the twelve (12) month period immediately preceding the period in subclause (A), and

(C) is one (1).

(ii) three percent (3%), and

(iii) one hundred percent (100%) of (A) divided by (B) minus (C), with such amount not to be less than zero (0), where:

(A) is the average Consumer Price Indices, within the meaning of subparagraph 2.13(a), for each month in the twelve (12)-month period ending on the September 30th preceding the twelve (12)-month period determined in subclause (i)(A) above,

(B) is the average of the Consumer Price Indices, within the meaning of subparagraph 2.15(a), for the twelve (12)-month period immediately preceding the period in subclause (A), and

(C) is one (1).

by

(b) the lesser of

(i) the amount of pension, but excluding the temporary pension, if any, then payable to that person, and

(ii) (A) $1,500 per month in the case of Pensioners and their Spouses or Post-Retirement Spouses, as the case may be, and in the case of Spouses of Members who died in Service, plus

(B) in the case of Members with Pension Accrued as a Management Employee on or after January 1, 2001, 75% of the amount of pension payable to that person which is in excess of $1,500 per month and which is in respect of Management Service on and after January 1, 2001.

16.04 Level Income Option Not Taken into Account

In calculating pension increases under paragraph 16.03, no account shall be taken of the effect of any election made under paragraph 10.02.

16.05 Indexation and Calculation of Lump Sum Values

Where the Date of Cessation of Membership of a Member is on or after January 1, 1989, the operation of this Article shall be taken into account in calculating the Actuarially Equivalent lump sum value of the Member's Pension Accrued.

16.06 Mandatory Indexation

Notwithstanding anything contained elsewhere in this Article, if mandatory pension indexation is legislated by the Parliament of Canada, the indexation arrangement set out herein will be integrated with the mandatory requirement so that the indexation will not exceed the greater of that provided for herein or that required by the legislation.

17.01 Definitions

In this Article,

(a) "Additional Pensionable Service" means

(i) a period of full-time Service with the Company prior to 1990 that is not Pensionable Service of the Member, or

(ii) a period of full-time Service with the Company prior to 1990 and before the Member's last date of hire that was not pensionable service under the Plan,

but does not include periods of strike or lockout;

(b) "Buyback Earnings" means the lesser of

(i) the remuneration the Member would be entitled to receive in a year, based on the Member's regular rate of pay at the time the Member elects to buy back Additional Pensionable Service, and

(ii) the product of fifty (50) and the Defined Benefit Limit at the time in which the Member elects to buy back Additional Pensionable Service;

except that where the pension in respect of Additional Pensionable Service designated by the member is subject to the limit on pension set out in subparagraph 17.07(b), the amount in clause (b)(ii) shall be the greater of $57,500 and the product of fifty (50) and two-thirds (2/3) of the Defined Benefit Limit at the time in which the Member elects to buy back Additional Pensionable Service;

(c) "Buyback Window" means the period commencing and ending on the dates set out in the table below:

Affiliation	**Buyback Window Commencement Date**	**Buyback Window Ending Date**
CAW-TCA	March 1, 2008	June 30, 2011
CPPA	January 1, 2006	June 30, 2010
IBEW	October 1, 2005	June 30, 2010
RCTC	January 1, 2003	June 30, 2006
TCRC-RTE	Not applicable	Not applicable
TCRC-MWED	August 1, 2007	July 1, 2010
TC/USWA	January 1, 2007	June 30, 2010
Management	Not applicable	Not applicable

and

(d) "Past Plan Service" means a period of service with the Company prior to 1990 and before the Member's last date of hire that was Pensionable Service under the Plan.

17.02 Eligibility

A Member who ceases to be a Member during the Buyback Window as a direct result of a reduction in staff initiated by the Company and who

(a) was a Member on the date determined by the Committee as set out in the table below:

Affiliation	**Eligibility Date**
CAW-TCA	January 1, 2008
CPPA	January 1, 2006
IBEW	January 1, 2001
RCTC	January 1, 2003
TCRC-RTE	Not applicable
TCRC-MWED	August 1, 2007
TC/USWA	January 1, 2007
Management	Not applicable

(b) on the Date of Cessation of Membership was represented by CPPA and was hired prior to January 1, 1994,

(c) on the Date of Cessation of Membership was in a position covered by a collective agreement between the Company and a Union that provides for a buyback of Pensionable Service on the terms set out in this Article,

(d) is offered an opportunity to buy back Pensionable Service in order that Employees in the Member's bargaining unit who have eight (8) or more years of cumulative compensated service and have been affected by a technological, operational or organizational change of a permanent nature may hold work, and may buy back Additional Pensionable Service or Past Plan Service on the terms set out in this Article, and

(e) had not, prior to the commencement of the Buyback Window, agreed in writing to terminate employment during the Buyback Window by retirement or otherwise.

17.03 Buyback Contributions

(a) A Member described in paragraph 17.02 who has Additional Pensionable Service may designate, in the form required by the Company, Additional Pensionable Service as Pensionable Service.

(b) Additional Pensionable Service before January 1, 1966 designated under subparagraph (a) shall be credited to a Member upon payment to the Fund as of the Date of Cessation of Membership or within thirty (30) days thereafter, of an amount equal to the product of

(i) the Additional Pensionable Service before January 1, 1966, that the Member has designated, expressed in years and fractions thereof, and

(ii) the percentage of Buyback Earnings set out in Column 1 of the table in subparagraph (d).

(c) Additional Pensionable Service after December 31, 1965 designated under subparagraph (a) shall be credited to a Member upon payment to the Fund as of the Date of Cessation of Membership or within thirty (30) days thereafter, of an amount equal to the sum of

(i) the product of

(A) the Additional Pensionable Service after December 31, 1965, that the Member has designated, expressed in years and fractions thereof, and

(B) the percentage of Buyback Earnings that do not exceed the Year's Maximum Pensionable Earnings for the year in which the Member makes the designation set out in Column 2 of the table in subparagraph (d)

and

(ii) the product of

(A) the Additional Pensionable Service after December 31, 1965, that the Member has designated, expressed in years and fractions thereof, and

(B) the percentage of Buyback Earnings that exceed the Year's Maximum Pensionable Earnings for the year in which the Member makes the designation set out in Column 3 of the table in subparagraph (d).

(d) The percentages referred to in clause (b)(ii) and subclauses (c)(i)(B) and (c)(ii)(B) of this subparagraph in respect of Additional Pensionable Service affiliated with a Union are as follows:

Periods of Additional Pensionable Service Affiliated With:	Column 1	Column 2	Column 3
TCRC-MWED	7.03%	5.45%	7.03%
CPPA	7.25%	5.67%	7.25%
TC/USWA	7.25%	5.67%	7.25%
IBEW	7.25%	5.67%	7.25%
CAW-TCA	6.98%	5.48%	6.98%
TCRC-RTE	Not applicable	Not applicable	Not applicable
RCTC	6.98%	4.40%	6.98%

17.04 Past Plan Service with Deferred Pension

(a) A Member described in paragraph 17.02 who has Past Plan Service in respect of which the Member is entitled to a deferred pension under the Plan may, in lieu of the deferred pension, designate, in the form required by the Company, Past Plan Service as Pensionable Service.

(b) No contributions shall be required of the Member in respect of Past Plan Service designated under subparagraph (a).

17.05 Past Plan Service with Transfer

(a) A Member described in paragraph 17.02 who has Past Plan Service in respect of which the Member was paid a refund or other lump sum amount under the Plan may designate, in the form required by the Company, Past Plan Service as Pensionable Service.

(b) Past Plan Service designated under subparagraph (a) shall be credited to a Member upon transfer to the Fund from a registered retirement savings plan, as defined in the Income Tax Act (Canada), or, for the portion of the Past Plan Service for which the Member was not entitled to a pension or the Actuarially Equivalent lump sum value thereof, upon payment to the Fund, as of the Date of Cessation of Membership or within thirty (30) days thereafter, an amount equal to the Actuarially Equivalent lump sum value, determined as of the Date of Cessation of Membership, of the pension to which the Member is to become entitled in respect of that Past Plan Service.

17.06 Pensionable Service

Notwithstanding anything contained elsewhere in the provisions of the Plan and subject to paragraph 6.09, a period of Additional Pensionable Service or Past Plan Service designated in accordance with this Article shall be included in the calculation of Pensionable Service of the Member for all purposes of the Plan.

17.07 Maximum Pension

(a) The annual amount of pension in respect of Additional Pensionable Service designated pursuant to this Article for a period after 1989, or for a period prior to 1990 where the Member either

(i) has Pensionable Service or had pensionable service in the calendar year in which the Additional Pensionable Service falls, or

(ii) does not have Pensionable Service or did not have pensionable service in the calendar year in which the Additional Pensionable Service falls by reason only of disability or leave of absence

shall not exceed the Defined Benefit Limit for the year in which the pension commences to be paid per year of such Additional Pensionable Service.

(b) The annual amount of pension in respect of Additional Pensionable Service designated pursuant to this Article but not described in subparagraph (a) shall not exceed two-thirds (two-thirds (2/3)) of the greater of $1,725 and the Defined Benefit Limit for the year in which the pension commences to be paid per year of such Additional Pensionable Service.

(c) The annual amount of pension in respect of Past Plan Service designated pursuant to this Article shall not exceed the Defined Benefit Limit for the year in which the pension commences to be paid per year of such Past Plan Service.

(d) The limitations specified in subparagraphs (a), (b) and (c) shall have precedence over paragraph 8.07.

17.08 Restrictions from Income Tax Act

A buyback of Additional Pensionable Service or Past Plan Service is subject to any restriction or limitation under the Income Tax Act (Canada) and regulations thereunder or the Act and regulations thereunder.

18.01 Article 18 is repealed.

19.01 With effect from January 1, 1996, Members who, on December 31, 1995, were Employees in the Company's corporate group ("Transferred Members") shall cease membership in the Plan. The Transferred Members shall become members of the Canadian Pacific Limited Pension Plan for Corporate Employees (the "Successor Plan").

19.02 (a) Service and Pensionable Service accumulated by Transferred Members under the Plan before January 1, 1996 and Earnings in respect of that Service shall be recognized for all purposes under the Successor Plan.

(b) All rights acquired by Transferred Members in respect of Service and Pensionable Service before January 1, 1996 under the Plan shall be preserved under the Successor Plan and all benefits accrued by Transferred Members under the Plan in respect of Pensionable Service accumulated before January 1, 1996 shall be provided under the Successor Plan.

(c) Liability for all rights acquired, and all benefits accrued, in respect of Service and Pensionable Service accumulated by Transferred Members before January 1, 1996 shall be transferred from the Plan to the Successor Plan.

19.03 Subject to the approval of regulatory authorities having jurisdiction over the Plan and on the advice of the Actuary, there shall be transferred from the Fund to the trust fund of the Successor Plan an amount of assets in respect of the benefits accrued by Transferred Members under the Plan that are to be provided under the Successor Plan.

19.04 Subject to the approval of regulatory authorities having jurisdiction over the Plan and on the advice of the Actuary, there shall be transferred from the Fund to the trust fund of the Successor Plan an amount of assets equal to contributions paid by Transferred Members and the Company into the Fund in respect of service by Transferred Members after December 31, 1995, together with interest accrued thereon.

20.01 Definitions

In this Article,

(a) "Grandfathered Average Year's Maximum Pensionable Earnings" means the Average Year's Maximum Pensionable Earnings at the Member's Grandfathering Date.

(b) "Grandfathering Date" means, for each of the representative Unions set out in the table below, the following date:

Union	**Grandfathering Date**
CAW-TCA	March 31, 2005
CPPA	March 31, 2006
IBEW	September 30, 2005
RCTC	August 31, 2003
TCRC-RTE	December 31, 2004
TCRC-MWED	March 31, 2005
TC/USWA	January 31, 2004

(c) "Grandfathered Highest Plan Earnings" means, for each period of Union Service accrued prior to the applicable Grandfathering Date which is affiliated with one of the Unions described in subparagraph (b), the Member's Highest Plan Earnings as determined at the Member's Grandfathering Date. For clarity, Grandfathered Highest Plan Earnings to be used for each period of Union Service shall reflect the definition of Highest Plan Earnings as applicable for each Union at the applicable Grandfathering Date.

(d) "Grandfathered Normal Retirement Date" means the earlier of (i) and (ii) below, where:

(i) is:

(A) for periods of TCRC-RTE Service and RCTC Service, the last day of the month when the sum of the Member's or Former Member's age plus Pensionable Service accrued prior to the applicable Grandfathering Date is at least eighty-five (85) years, the Pensionable Service accrued prior to the applicable Grandfathering Date is at least twenty-five (25) years and the age is at least fifty-five (55) years, and

(B) for all other periods of Union Service, the last day of the month when the sum of the Member's or Former Member's age plus Pensionable Service accrued prior to the applicable Grandfathering Date is at least eighty-five (85) years and the age is at least fifty-five (55) years, and

(ii) is the Member's or Former Member's Normal Retirement Date.

(e) "Grandfathered Lifetime Pension Provisions" means the sum of (i), (ii) and (iii), where:

(i) is two percent (2%) of the Member's Grandfathered Highest Plan Earnings multiplied by the Member's Pensionable Service in Canada before January 1, 1966,

(ii) is, for Pensionable Service in Canada after December 31, 1965 and prior to the applicable Grandfathering Date, the product of (A) and (B), where:

(A) is the Member's Grandfathered Highest Plan Earnings up to the Grandfathered Average Year's Maximum Pensionable Earnings, and

(B) is the aggregate of, for each period of Union Service accrued prior to the applicable Grandfathering Date which is affiliated with one of the Unions described in subparagraph (b), such period of Union Service multiplied by the respective Grandfathered Percentage for the Union,

and

(iii) is two percent (2%) of the Member's Grandfathered Highest Plan Earnings in excess of the Grandfathered Average Year's Maximum Pensionable Earnings multiplied by the aggregate of the periods of Union Service accrued prior to the applicable Grandfathering Date which is affiliated with any of the Unions described in subparagraph (b).

(f) "Grandfathered Percentage" means, for each of the Unions described in subparagraph (b), the percentage determined pursuant to the table below:

Union	**Grandfathered Percentage**
CAW-TCA	1.80%
CPPA	1.80%
IBEW	1.80%
RCTC	1.50%
TCRC-RTE	1.60%
TCRC-MWED	1.30%
TC/USWA	1.60%

(g) "Grandfathered Supplemental Pension Provisions" means, for a Member with TCRC-MWED Service and/or TC/USWA Service accrued prior to the respective Grandfathering Dates for TCRC-MWED and TC/USWA, the sum of (i) and (ii), where:

(i) is, for periods of TCRC-MWED Service accrued prior to the TCRC-MWED Grandfathering Date, the difference between (A) and (B), where:

(A) equals two percent (2.0%) of the Member's Grandfathered Highest Plan Earnings multiplied by the Member's post-1965 TCRC-MWED Service, and

(B) equals the Lifetime Pension in respect of the Member's post-1965 TCRC-MWED Service.

(C) For purposes of subclauses (A) and (B), where:

(I) The Member was continuously represented by TCRC-MWED throughout the period of Pensionable Service accrued since the later of the January 1, 2001 and the Member's date of employment to January 1, 2003, the temporary pension formula described in this clause (i) shall apply to the Member's post-1965 TCRC-MWED Service up to March 31, 2005.

(II) The Member was represented by TCRC-MWED on January 1, 2003, but was not so continuously represented throughout the period of Pensionable Service accrued since the later of January 1, 2001 and the Member's date of employment, the temporary pension formula described in this clause (i) shall apply to the portion of the Member's post-1965 TCRC-MWED Service accrued since the Member last became represented by TCRC-MWED and up to the earlier of March 31, 2005 and the date the Member was no longer represented by TCRC-MWED.

(III) The Member was represented by TCRC-MWED on January 1, 2001, but not on January 1, 2003:

(1) the phrase "two percent (2.0%) of the Member's Grandfathered Highest Plan Earnings" in subclause (A) is replaced by the phrase "sum of one and eight-tenths percent (1.8%) of the Member's Grandfathered Highest Plan Earnings up to the Grandfathered Average Year's Maximum Pensionable Earnings plus two percent (2.0%) of the Member's Grandfathered Highest Plan Earnings in excess of the Grandfathered Average Year's Maximum Pensionable Earnings", and

(2) the formulae described in sub-clauses (A), (B) and (C), as modified by sub-clause (III)(1), shall apply.

(IV) The Member was not represented by TCRC-MWED on January 1, 2001 or January 1, 2003, but such Member has TCRC-MWED Service accrued:

(1) after January 1, 2001 and prior to January 1, 2003, the formulae described in sub-clauses (A) and (B), as modified by clause (III)(1), shall apply to the portion of the TCRC-MWED Service accrued after January 1, 2001 and prior to January 1, 2003,

(2) after January 1, 2003 and prior to March 31, 2005, the formulae described in sub-clauses (A) and (B) shall apply without modification to the portion of the TCRC-

MWED Service accrued after January 1, 2003 and prior to March 31, 2005.

(ii) is, for periods of TC/USWA Service prior to the TC/USWA Grandfathering Date, the difference between (A) and (B), where:

(A) equals the sum of one and eight-tenths percent (1.8%) of the Member's Grandfathered Highest Plan Earnings up to the Grandfathered Average Year's Maximum Pensionable Earnings plus two percent (2.0%) of the Member's Grandfathered Highest Plan Earnings in excess of the Grandfathered Average Year's Maximum Pensionable Earnings, multiplied by the Member's post-1965 TC/USWA Service, and

(B) equals the Lifetime Pension in respect of the Member's post-1965 TC/USWA Service.

(C) For purposes of subclauses (A) and (B), where:

(I) The Member was represented by TC/USWA on January 1, 2003, and was so continuously represented throughout the period of Pensionable Service accrued since the later of March 1, 1999 and the Member's date of employment to January 1, 2003, the temporary pension formula described in this clause (ii) shall apply to the Member's post-1965 TC/USWA Service up to January 31, 2004.

(II) The Member was represented by TC/USWA on January 1, 2003, but was not so continuously represented throughout the period of Pensionable Service accrued since March 1, 1999, the temporary pension formula described in this clause (ii) shall apply to the portion of the Member's post-1965 TC/USWA Service accrued since the Member last became represented by TC/USWA and up to January 31, 2004.

(III) The Member was not represented by TC/USWA on January 1, 2003 but such Member has TC/USWA Service accrued after January 1, 2003 and prior to January 31, 2004, the temporary pension formula described in this clause (ii) shall apply to the portion of the TC/USWA Service accrued after January 1, 2003 and prior to January 31, 2004.

20.02 Grandfathered Value

Subject to paragraph 20.03, for purposes of clause 7.01(a)(iv), subclause 11.02(a)(i)(A), paragraph 11.03, clause 12.02(a)(ii), clause 12.02(b)(i) and subparagraph 12.04(a), for every Member who has accrued Pensionable Service with one of the Unions described in subparagraph 20.01(b) prior to the Grandfathering Date for the respective Union and whose Grandfathered Normal Retirement Date was prior to the Member's 65th birthday on the respective Grandfathering Date, the Actuarially Equivalent lump sum value of the Member's Pension Accrued to the Date of Cessation of Membership for Pensionable Service associated with one of the Unions described in subparagraph 20.01(b) shall not be less than the sum of (a) and (b), where:

(a) is the Actuarially Equivalent lump sum value at the Date of Cessation of Membership of the Member's Pension Accrued to the Grandfathering Date based on the Grandfathered Lifetime Pension Provisions and the Grandfathered Supplemental Pension Provisions, and

(b) is the Member's contributions made in respect of Pensionable Service accrued after the Grandfathering Date during which the Member was so represented by the Union and Interest thereon,

except that the additional amount included in the lump sum value based on subparagraph (b) immediately above, if applicable, shall not be included for purposes of the Minimum Employer Cost Rule.

20.03 Grandfathered Value for TC/USWA Service

For purposes of paragraph 20.02 and in respect of a Member whose Date of Cessation of Membership is after December 31, 2005, the Actuarially Equivalent lump sum value of the Member's Pension Accrued to the Date of Cessation of Membership as calculated in paragraph 20.02 in respect of TC/USWA Service shall not be less than the sum of (a) and (b), where:

(a) is the Actuarially Equivalent lump sum value at the Date of Cessation of Membership of the Member's Pension Accrued in respect of periods of TC/USWA Service to December 31, 2005, based on:

(i) the TC/USWA Plan provisions in effect on December 31, 2005,

(ii) the Member's Highest Plan Earnings and Average Year's Maximum Pensionable Earnings on December 31, 2005, and

(iii) the Member's periods of TC/USWA Service to December 31, 2005,

and

(b) is the Member's contributions made in respect of Pensionable Service accrued after December 31, 2005 during which the Member was so represented by the TC/USWA and Interest thereon,

except that the additional amount included in the lump sum value based on subparagraph (b) immediately above, if applicable, shall not be included for purposes of the Minimum Employer Cost Rule.

20.04 Grandfathered Early Retirement Date

(a) Notwithstanding paragraph 7.02, for every Member who has accrued Pensionable Service with one of the Unions described in subparagraph 20.01(b) prior to the Grandfathering Date for the respective Union and whose Grandfathered Normal Retirement Date was prior to the Member's 65th birthday on the respective Grandfathering Date, such Member may retire early on the last day of any month in the ten (10)-year period preceding the Grandfathered Normal Retirement Date.

(b) For purposes of subparagraph (a), where the Member would not normally be eligible to retire early for a period of Union Service or for a period of Management Service but is eligible to early retire for another period of Union Service, such Member's early retirement pension for the period of Pensionable Service where the member is not normally eligible to retire early shall be the Actuarial Equivalent of the pension, but excluding the Supplemental Pension, if applicable, otherwise payable from the date the Member would be eligible for early retirement applicable to that period of Pensionable Service.

A.01 The Committee is authorized to modify the following list of agreements from time to time.

A.02 For identification and for administration purposes, the Secretary of the Committee shall initial the agreements listed below and shall table a copy of such agreements with the Committee.

A.03 On June 3, 1997, the Committee approved the following list of agreements with retroactive effect to their respective dates:

(a) INCOME SECURITY AGREEMENT effective April 28, 1995 between Canadian Pacific Limited and the Canadian Signal & Communications System Council No. 11 of the IBEW

(b) INCOME SECURITY AGREEMENT effective May 1, 1995 between Canadian Pacific Limited and the Canadian Pacific Police Association

(c) INCOME SECURITY AGREEMENT effective May 1, 1995 between Canadian Pacific Limited and the Rail Canada Traffic Controllers

(d) INCOME SECURITY AGREEMENT effective May 1, 1995 between Canadian Pacific Limited and the Transportation Communication International Union

(e) JOB SECURITY AGREEMENT effective June 1, 1995 between Canadian Pacific Limited and the Brotherhood of Maintenance of Way Employees

(f) JOB SECURITY AGREEMENT effective July 24, 1995 between Canadian Pacific Limited and the National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW - CANADA) (Local 101)

Article B.1 – Construction, Interpretation and Definitions Applicable to Appendix B

B.1.1 This Appendix B, in conjunction with all relevant provisions of the Plan, as it, or they, respectively, may be amended from time to time, constitutes the defined contribution provision of the Plan.

B.1.2 In this Appendix B, references to a subparagraph, paragraph, Section or Article mean a subparagraph, paragraph, Section or Article of this Appendix B, unless such reference is expressly to a subparagraph, paragraph, Section or Article of the Plan and not of this Appendix B.

B.1.3 Each provision of this Appendix B is distinct and severable, and if any provision of this Appendix B or part thereof is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.

B.1.4 Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of any of this Appendix B's provisions.

Definitions

In this Appendix B and throughout the Plan, unless the context clearly indicates otherwise, the following terms have the following meanings:

B.1.5 **Account**

"Account" means one of the Accounts which are maintained under the Plan in the Fund:

(a) "Employee Account" means the separate Account maintained on behalf of a DC Member in accordance with paragraph B.11.1(a).

(b) "Company Account" means the separate Account maintained on behalf of a DC Member in accordance with paragraph B.11.1(b).

(c) "Forfeiture Account" means the separate Account maintained on behalf of the Company in accordance with Section B.11.3.

B.1.6 **Accumulated Contributions**

"Accumulated Contributions" means the sum of a DC Member's contributions to the Plan prior to his becoming a DC Member, and Interest thereon.

B.1.7 **Conversion Value**

"Conversion Value" means the lump sum actuarial equivalent value of the DB Pension Benefits accrued by a DB Member as of December 31, 2000, calculated in accordance with actuarial methods and assumptions adopted by the Company for the express purpose of determining such "Conversion Value" which, further, shall be subject to the maximum transfer limits described in paragraph 13.05 of the Plan.

B.1.8 **DB Member**

"DB Member" means a Member other than a DC Member.

B.1.9 **DB Pension Benefits**

"DB Pension Benefits" means the benefits provided under the Plan which are not DC Pension Benefits.

B.1.10 **DC Member**

"DC Member" means a Member who has elected to accrue DC Pension Benefits under this Appendix B or who has ceased accruing DC Pension Benefits but still maintains his Accounts hereunder.

B.1.11 **DC Pension Benefits**

"DC Pension Benefits" means the benefits represented by a DC Member's Accounts.

B.1.12 **DC Pension Committee**

"DC Pension Committee" means the committee of that name whose members are appointed by the President and Chief Executive Officer in accordance with Section B.4.3.

B.1.13 **DC Segment**

"DC Segment" means, in the context of the Fund, that portion of the Fund established for the purposes of this Appendix B, the assets of which are held by a Funding Agency under a Funding Agreement.

B.1.14 **Executive DC Member**

"Executive DC Member" means a DC Member who holds a permanent position graded EX01 or higher, or the equivalent classification under any of the Company's salary plans.

B.1.15 **Funding Agency**

"Funding Agency" means the trust or insurance company or successor thereof appointed by the Board to hold all or part of the DC Segment of the Fund pursuant to the Funding Agreement.

B.1.16 **Fund Agreement**

"Funding Agreement" means any written arrangement or agreement in force between the Company and any Funding Agency establishing and maintaining the DC Segment of the Fund, and any amendments thereto.

B.1.17 **Locked-In Retirement Fund**

"Locked-in Retirement Fund" means a financial arrangement to which locked-in amounts transferred from the Plan may be made, being limited to:

(a) a locked-in retirement account, as that term is described and regulated in the Act and Regulations;

(b) a Registered Pension Plan, if and to the extent the transferee plan will accept the transfer;

(c) a life income fund, as that term is described and regulated in the Act and Regulations;

(d) an insurance company licensed to carry on a life insurance business in Canada, to purchase an immediate or deferred life annuity; or

(e) such other registered vehicle as may be approved under the Act, Regulations and Revenue Rules;

provided, however, that:

(f) the administrator of such arrangement agrees, in writing, to administer such transferred amount in accordance with the Act and Regulations.

B.1.18 **Registered Pension Plan**

"Registered Pension Plan" means a pension plan that has been accepted for registration under the Income Tax Act (Canada).

B.1.19 **Required DC Contributions**

"Required DC Contributions" means contributions which the Member is required to make to the Plan while a DC Member in accordance with Article B.8 or contributions which are made to the Plan by the Company on the DC Member's behalf in accordance with Section B.8.2.

B.1.20 **Revenue Rules**

"Revenue Rules" means the provisions of the Income Tax Act, being Chapter 1 (5th Supplement) of the Revised Statutes of Canada, 1985 and the rules and regulations adopted thereunder by the Minister of National Revenue pertaining to Registered Pension Plans, and amendments thereto.

B.1.21 **Valuation Date**

"Valuation Date" means a day at which the Funding Agency determines the value of each Account within the DC Segment of the Fund in accordance with Section B.11.5.

Article B.2 - Background

B.2.1 **Amendment to the Plan**

This Appendix B constitutes an amendment to the Plan, effective January 1, 2001, to provide a defined contribution provision for Management Employees who so elect to participate. The Accounts established hereunder shall hereby form the DC Segment of the Fund.

B.2.2 **Compliance with the Act and Revenue Rules**

(a) The defined contribution provisions set out in this Appendix B are intended to be accepted for registration under the Act, Regulations and Revenue Rules. This Appendix B has been designed, written and administered to comply with the requirements for registration of defined contribution provisions under the Act, Regulations and Revenue Rules. If this Appendix B fails to comply with any such requirements, the Company may in its sole and absolute discretion amend this Appendix B to so comply, or discontinue this Appendix B.

B.2.3 **Amendments Conditional Upon Acceptance**

Any amendment to this Appendix B is conditional upon acceptance for registration under both Revenue Rules and the Act, and may be modified or withdrawn by the Company, in its sole and absolute discretion, if the amendment is not accepted for registration under either Revenue Rules or the Act.

Article B.3 – Designation of Beneficiary

B.3.1 **Designation of Beneficiary**

(a) Subject to paragraph (b), a DC Member shall, on or in conjunction with his application for participation in this Appendix B, designate a beneficiary to receive the benefits payable under this Appendix B in the event of the DC Member's death. The Designated Beneficiary of a DC Member without a Spouse shall be the Member's estate, unless such other designation is permitted by the Company's administrative practice.

(b) Notwithstanding a designation to the contrary under paragraph (a), the Designated Beneficiary of a DC Member having a Spouse shall be such Spouse, unless a waiver form has been completed in accordance with the Act.

B.3.2 **Change of Designated Beneficiary**

Subject to Section B.3.1, a DC Member may, by written notice given to the Company during his lifetime, alter or revoke his Designated Beneficiary. Any such written notice shall be in such form and executed in such manner as the Company may reasonably require.

B.3.3 **Provision for Payment in Event of Death of Beneficiary**

If the Designated Beneficiary predeceases the DC Member, benefits payable under the Plan after the death of the Member shall be paid to the estate of the Member.

B.3.4 **Conflicting Claims**

In the event of conflicting claims for benefits by persons claiming to be Designated Beneficiaries, the Company may take any reasonable steps to determine the validity of the competing claims, including such steps as described in Section B.4.7.

Article B.4 – Administration of Appendix B

B.4.1 **Responsibility for Appendix B and Administration Thereof**

(a) Subject to paragraph 3.01 of the Plan, while the Plan and this Appendix B remain in force, and to the extent not provided elsewhere in the Plan, the Company shall have the sole responsibility for, and the sole control of, the operation and administration of this Appendix B, and shall have the power and duty to take all action and to make all decisions and interpretations which shall be necessary or appropriate in order to administer and carry out the provisions of this Appendix B, including the power to make and enforce such rules and regulations as it may deem necessary. The Company may, however, delegate a portion of its duties to the DC Pension Committee in accordance with Section B.4.3. Such delegation shall be specified in a charter established for such DC Pension Committee.

(b) This Appendix B and the DC Segment of the Fund shall be administered by the Company in accordance with the provisions of this Appendix B, the Funding Agreement, the written statement of investment policies and procedures for the Plan, the articles and bylaws of the Company, the Act, Regulations and Revenue Rules. In the event there is a conflict between the Plan or the Funding Agreement and any applicable legislation, the applicable legislation shall govern.

(c) This Appendix B shall be administered in accordance with Revenue Rules and in accordance with the laws of Canada, except insofar as the Act or other legislation of another jurisdiction in respect of DC Members employed in or resident in that jurisdiction applies by operation of law.

B.4.2 **Power to Delegate**

The Company may appoint one or more agents to carry out any act or transaction required for the administration and management of this Appendix B and the DC Segment of the Fund or may retain advisors. Every agent appointed by the Company shall report to and shall be subject to the direction and continuing supervision of the Company.

B.4.3 **DC Pension Committee**

(a) The Company shall establish a DC Pension Committee.

(b) **Appointment**

(i) The President and Chief Executive Officer shall appoint individuals to the DC Pension Committee as follows:

(A) three officers of the Company, one of whom will also be appointed chairman, and

(B) two Management Employee representatives of the DC Members.

(ii) No individual shall be appointed or accepted for appointment to the DC Pension Committee unless the Company is satisfied of the individual's suitability to discharge the responsibilities conferred hereunder.

(iii) The DC Pension Committee shall report to and shall be subject to the direction and control of the Company or the Board as may be appropriate in the circumstances.

(c) **Responsibilities**

(i) The duties of the DC Pension Committee include:

(A) promoting awareness and understanding of the Plan among DC Members;

(B) reviewing, at least once every year, financial and administrative aspects of this Appendix B;

(C) reviewing and monitoring the administration of this Appendix B and the investment of the DC Segment of the Fund;

(D) such other duties as may be specified by the Plan, the Company or the Pension Trust Fund Committee; and

(E) such other duties as may be prescribed by the Act as they relate to this Appendix B.

(ii) Entitlement to Rely on Statements

A member of the DC Pension Committee may rely in good faith on the statements, opinions or reports of the Actuary, the Funding Agency, an accountant, an appraiser, a lawyer, investment manager or other professional advisor retained by the Board, the Company or the DC Pension Committee.

B.4.4 **No Personal Liability**

Subject to the Act, neither the Company, nor any member of the DC Pension Committee, nor any director, officer or other employee of the Company shall be liable to any person whatsoever for anything done or omitted to be done in respect of the administration of this Appendix B, except where the act or omission was due to willful misconduct or gross negligence on the part of the person against whom a claim is made.

B.4.5 **Indemnification**

The Company shall indemnify and save harmless the members of the DC Pension Committee and any other director, officer or employee of the Company whose responsibilities or duties involve any aspect of the administration of this Appendix B from personal liability, including all legal costs, fees and related expenses, in respect of their respective acts or omissions in respect of the administration of this Appendix B, except where the act or omission was due to willful misconduct or gross negligence on the part of the member, director, officer or employee.

B.4.6 **Company Records**

Whenever the records of the Company are used for the purposes of this Appendix B, such records shall be conclusive of the facts with which they are concerned.

B.4.7 **Information Provided by the Member**

In the absence of actual notice to the contrary, the Company shall authorize payment of benefits in accordance with information provided by the DC Member. If there is a dispute as to whether a person is a Spouse, Designated Beneficiary or other person entitled to payments hereunder, or where two or more persons make adverse claims in respect of a benefit, or where a person makes a claim that is inconsistent with information provided by the DC Member, the Company may obtain court directions and neither the Company nor the Plan nor the Fund shall be held liable for any delays in payment of benefits hereunder as a result of any such dispute.

Article B.5 – Funding of the Defined Contribution Provision

B.5.1 **Fund**

(a) A DC Segment of the Fund has been established and shall be maintained for the purposes of the Plan and this Appendix B under which all contributions and earnings thereon are held to pay the benefits and other amounts specified in this Appendix B.

(b) The Board or a committee thereof shall be responsible for the selection of a Funding Agency and may replace any Funding Agency so appointed at any time, in accordance with the terms of any applicable agreement or contract.

(c) The DC Segment of the Fund or a portion thereof shall be maintained and administered by a Funding Agency in accordance with the terms of the Funding Agreement entered into between the Company and such Funding Agency. The Company has the sole right and discretion to amend the form and the terms of the Funding Agreement from time to time in accordance with the terms of the Funding Agreement, and subject only to any required agreement of the Funding Agency.

(d) The Company may appoint an advisor or an investment manager, or both, to advise in respect of or manage the investment of any portion of the DC Segment of the Fund. The Company may replace any advisor or investment manager so appointed at any time, in accordance with the terms of any applicable agreement or contract.

(e) The Funding Agreement is ancillary to the Plan and is intended to govern the receipt of contributions made to the Plan and to give effect to the provisions of the Plan relating to the safekeeping and investment of the assets of the DC Segment of the Fund and to facilitate the payment of the benefits and other payments properly made under the Plan, in accordance with the Act, Regulations and Revenue Rules, and not to create rights to payments from the DC Segment of the Fund that are in addition to those payments expressly provided under the Plan. In the case of conflict between the provisions of the Plan and those of the Funding Agreement, the provisions of the Plan shall govern.

(f) Subject to the Act and Regulations, the benefits provided under this Appendix B shall only be paid to the extent that they are provided for by the assets held in the Fund, and no liability or obligation to make any contributions thereto or otherwise shall be imposed upon the Company other than in accordance with Section B.8.2 and Article B.9.

B.5.2 **Fees and Expenses**

(a) The fees properly paid and the expenses reasonably incurred in respect of this Appendix B and the DC Segment of the Fund, including but not restricted to:

(i) the fees of the Company and costs incurred by the Company on behalf of this Appendix B or the DC Segment of the Fund;

(ii) the fees of the Funding Agency;

(iii) the fees and disbursements of the agents of the Company with respect to this Appendix B or the DC Segment of the Fund;

(iv) the fees and disbursements of the advisors with respect to this Appendix B or the DC Segment of the Fund, including actuarial, consulting, legal and accounting;

(v) costs related to the investments of the DC Segment of the Fund, including appraisal fees, brokerage costs, commissions and transfer taxes, and costs related to investment counsel and investment management services;

(vi) fees and expenses in connection with a wind-up or partial wind-up of this Appendix B; and

(vii) costs incurred by the Company in connection with the breakdown of a DC Member's marriage including, but not limited to, the costs of disclosure, calculation and processing;

shall be paid by the Company except to the extent they are charged to the Employee, Company and Forfeiture Accounts as described in paragraph (b).

(b) The Company may direct that the fees and expenses described in paragraph (a) shall be charged in an equitable manner to the Employee, Company and Forfeiture Accounts thereunder. Notwithstanding the foregoing, the Company may elect to pay or charge, or both, fees and expenses differently between active and inactive DC Members provided the fees and expenses charged to the Accounts of inactive DC Members do not exceed a reasonable allocation of the actual fees and expenses incurred.

B.5.3 **Investment**

The investment of the DC Segment of the Fund shall comply with the Act, Regulations and Revenue Rules.

B.5.4 **Borrowing**

Neither the Company nor the Funding Agency shall borrow money for the purposes of this Appendix B except as allowed under the Funding Agreement, the Act, Regulations and Revenue Rules.

B.5.5 **Sole Recourse to Fund**

(a) A DC Member or person claiming through the DC Member shall have recourse solely to the Fund for any benefit or other payment under this Appendix B. Under no circumstances shall any liability attach to the Company, any member of the DC Pension Committee, or any director, officer or employee of the Company, for any benefit or other payment hereunder.

(b) A lump sum payment or transfer to another vehicle shall constitute complete satisfaction of all obligations under this Appendix B related to the amount so paid or transferred.

B.5.6 **Limited Liability in Respect of DC Members**

Subject to the Act and Regulations, the liability of the Company at any time in respect of a DC Member shall be limited to such contributions as should have been made under Sections B.8.2, B.9.1 and B.9.3, as applicable, by the Company to that DC Member's Accounts.

B.5.7 **Claims on the Fund**

(a) Contributions made by the Company shall not constitute an enlargement of the amount of any benefit defined in this Appendix B, and shall not at any time create for any person other than the Company the right, title or interest in the assets of the Company or the Fund, except as provided under Section B.5.8 and the Act and Regulations.

(b) No DC Member or any person claiming through a DC Member shall have any right to, or any interest in any part of the Fund, or to any benefit or other payment from the Fund, except to the extent specifically provided from time to time under this Appendix B, the Funding Agreement or the Act and Regulations.

B.5.8 **Source of Benefit Payments**

The Company reserves the right, subject to the Act and Regulations, to elect to transfer the value of a DC Member's Employee and Company Accounts from the DC Segment of the Fund to purchase from a life insurance company licensed to transact annuity business in Canada, for the benefit of the DC Member and/or his Spouse and/or Designated Beneficiary, as the case may be, a life annuity, the contract for which, when delivered to the DC Member, his Spouse or Designated Beneficiary, as the case may be, shall serve as a full discharge of the obligations of the Company, the Fund and the Plan and thereby terminate his rights under the Plan.

B.5.9 **Remittance of Contributions**

The Company shall pay to the Funding Agency all DC Member Contributions and all Company contributions required to be made in respect of DC Pension Benefits within 30 days following the end of the month for which the contributions are payable.

B.5.10 **Return of Contributions**

In the event that the Company or a DC Member makes a contribution to the Plan which would cause the revocation of the Plan's registration under Revenue Rules then, subject to conditions or approval procedures under the Act and Regulations, such contributions shall be returned to the Company or the DC Member, as applicable.

B.5.11 **Transfer of Monies from Other Registered Pension Plans**

If a DC Member participated in a Registered Pension Plan prior to becoming an Employee, the Company may extend to such DC Member the right to transfer to the Fund any monies accrued to his credit under such previous plan. The Company shall determine the terms and conditions upon which the monies so transferred shall be accepted and the benefits that shall be payable with respect thereto, subject to the Act, Regulations and Revenue Rules. Such terms and conditions include the right to charge a DC Member electing to make a transfer hereunder any fees or expenses attributable to the administration and management of the transferred amount.

Article B.6 – Amendment or Termination of Appendix B

B.6.1 **Amendment**

The Company expects to continue this Appendix B indefinitely, but nevertheless, and notwithstanding subparagraph 14.15(b) of the Plan, reserves the right, to:

(a) amend this Appendix B;

(b) terminate this Appendix B; or

(c) merge or consolidate this Appendix B with any other Registered Pension Plan adopted by the Board;

provided that no such action shall have the effect of reducing any benefit accrued to the date of such action based on actual service rendered and earnings paid to the date of such action, except as provided in Sections B.6.2 or B.6.4.

Any amendment of this Appendix B shall be made by:

(d) the adoption of a resolution by the Board; or

(e) the execution of a certificate of amendment by an officer of the Company authorized by resolution of the Board to amend this Appendix B.

B.6.2 **Amendment Required to Maintain Registration**

Notwithstanding any other provisions of this Appendix B, the Company may amend this Appendix B as is necessary to maintain the registration of the Plan under the Act, the Regulations and Revenue Rules. Section B.6.1 shall not restrict the Company's ability to make an amendment to this Appendix B when the purpose of the amendment is to maintain such registration of the Plan.

B.6.3 **Effective Date of Amendment**

An amendment to this Appendix B shall be effective on the date specified in the amendment.

B.6.4 **Termination Priorities**

In the event this Appendix B is terminated pursuant to Section B.6.1 or clause 3.03(d)(i) of the Plan, at any time in whole or in part with respect to a specified group of DC Members only, the assets of the DC Segment of the Fund, or the interest therein of DC Members affected by a partial termination, shall be allocated to provide, subject to Section B.6.6, for benefits equal to the value of each affected DC Member's Employee Account and Company Account. Such allocation of available assets shall be made after providing for any fees and expenses of this Appendix B and the DC Segment of the Fund charged to the Accounts in accordance with paragraph B.5.2(b).

B.6.5 **Interpretation**

The provisions of Section B.6.4 apply without distinction between Members, Spouses or Designated Beneficiaries.

B.6.6 **Effect of Termination**

Upon termination of all or part of this Appendix B of the Plan, each affected DC Member shall be fully vested. An affected DC Member who has completed two years of Service shall also be locked-in.

B.6.7 **Settlement on Discontinuance of Plan**

The provision for accrued benefits described in Section B.6.4 may be made in the form of cash, the purchase of annuity contracts, the transfer of monies to other Registered Pension Plans or to approved registered vehicles, or the continuation of the Fund or a combination thereof, at the discretion of the Company, but subject to the Act, Regulations and Revenue Rules.

B.6.8 **Effective Date of Termination**

In the event this Appendix B, or any part thereof, is terminated pursuant to Section B.6.1, the effective date of such termination shall be set by the Company. In the event the termination is directed by the Superintendent, the effective date of such termination shall be the earlier of the date on which all avenues of appeal by the Company are exhausted or the date on which the Company vacates its right of appeal.

Article B.7 – General Conditions Pertaining to Appendix B

B.7.1 **No Employment Rights**

Further to subparagraph 14.15(a) of the Plan, the establishment and continuance of this Appendix B shall not be deemed to constitute a contract of employment between the Company and any Management Employee. Nothing contained herein shall be deemed to give to a Management Employee the right to be retained in the service of the Company or to interfere with the right of the Company to lay off or terminate the employment of such Management Employee at any time and to deal with such Management Employee without regard to the effect that such treatment might have under the Plan upon such Management Employee.

B.7.2 **Application for Payments**

A DC Member, a DC Member's Spouse or Designated Beneficiary, or legal representative thereof, claiming payments under this Appendix B must make written application to the Company on the forms provided, together with evidence by way of affidavit, declaration or certificate, as the Company may reasonably require, substantiating such claim before any benefits are payable. Such written application must be submitted to the Company at least 30 days prior to the date of his actual or deemed retirement.

B.7.3 **Unclaimed Payments**

In the event that a DC Member, a DC Member's Spouse or Designated Beneficiary or a representative thereof satisfactory to the Company does not claim payments under this Plan within the time specified under Section B.7.2, the obligation for payments remains and such DC Member's Employee and Company Accounts shall continue to be maintained in accordance with Article B.11 until a valid claim is made.

B.7.4 **Timely Payments**

All payments to be made out of the Fund in respect of this Appendix B shall be made within 60 days after the event giving rise to the payment, or the completion and filing of all documents required to authorize the making of the payment, whichever is the later.

B.7.5 **Small Pensions**

Notwithstanding any provision of the Plan to the contrary, the Company may direct that a lump sum, equal to the Actuarial Equivalent value of the total DB Pension Benefits and DC Pension Benefits payable under the Plan, may be paid as full and final satisfaction of all claims under the Plan by the DC Member or anyone claiming by, through or under the DC Member, if the annual pension is less than 4% of the Year's Maximum Pensionable Earnings or such other amount as provided under the Act and Regulations. Further, and except for benefits described in Section B.14.1, in the event that the Actuarially Equivalent lump sum value of any pension payable from the Plan is less than 10% of the Year's Maximum Pensionable Earnings or such other amount as provided under the Act and Regulations, the value of such pension may, at the discretion of the Company, be paid to the Member by way of a transfer to a Locked-In Retirement Fund.

B.7.6 **Simultaneous Deaths**

If a DC Member and his Spouse or Designated Beneficiary die at the same time or in circumstances rendering it uncertain which of them survived the other, the DC Member shall be deemed, for the purposes of this Appendix B, to have survived the Spouse or Designated Beneficiary.

B.7.7 **Deductions from Payments**

All amounts payable under this Appendix B shall be subject to deductions required by law, including tax withholdings.

B.7.8 **Limitation**

The explanation, statement or right of disclosure of this Appendix B and other related documents provided pursuant to paragraph 14.04 of the Plan shall have no effect on the rights or obligations of any person under the Plan, other than those rights or obligations set out expressly herein, and shall not be referred to in interpreting or giving effect to the provisions of the Plan.

Article B.8 – Required DC Contributions

B.8.1 **Employee Required DC Contributions**

(a) Subject to Sections B.8.2 and B.8.3 and also subject to Article B.10, in each calendar year or portion thereof, a DC Member shall be required to contribute 3% of his Base Earnings through payroll deduction. However, no DC Member shall make Required DC Contributions beyond five years after becoming employed by a foreign associate or affiliate of the Company unless such continued contributions are approved under Revenue Rules.

(b) A Member shall not be required or permitted to make Required DC Contributions to the Plan after the date a Member is credited with 35 years of Pensionable Service.

B.8.2 **Disability**

In the event a contributing DC Member becomes totally disabled, as certified by a qualified medical doctor licensed to practice in Canada, he shall cease to be required to contribute to the Plan for the period of time during which he is in receipt of benefits from the Company's long term disability plan. Instead, subject to Article B.10, the Company shall make the Required DC Contributions on the DC Member's behalf based on his Base Earnings in force at the date of disability. Furthermore, Base Earnings will be indexed annually in accordance with increases in the Canadian Average Industrial Wage for purposes of determining Required DC Contributions and associated Company Contributions in accordance with Article B.9. In no event, however, shall the Company make such Required DC Contributions on the DC Member's behalf after the earlier of the date the Member attains age 65 and the date of termination of the Plan or of this Appendix B. For greater clarity, the cessation of the requirement to contribute to the Plan shall apply only to an Employee who was a Member prior to becoming disabled.

B.8.3 **Continuance of Contributions During Leave of Absence**

A DC Member who is on a leave during which the DC Member does not have Earnings, and where legislation applicable to the DC Member requires that the DC Member be permitted to make Required DC Contributions to the Plan during such period, may elect to make the Required DC Contributions that he would have been required to make had he been in active employment during such period. Such Required DC Contributions shall be based on the DC Member's Base Earnings rate and contribution rate in force immediately prior to the commencement of such period of leave. In no event, however, shall the total periods for which the DC Member makes Required DC Contributions under this Section exceed the sum of:

(a) five years; and

(b) the number of months of parenting leaves, as defined in the Revenue Rules, subject to a maximum of 36 months of such parenting leaves and a maximum of 12 months for any one parenting leave.

Article B.9 – Employer Contributions

B.9.1 **Company Contributions**

Subject to Section B.9.2 and Article B.10, during the periods that the DC Member, the Company, or both make DC Member Contributions in accordance with Article B.8, the Company shall, within the time limits specified in the Act and Regulations, contribute on behalf of the DC Member during each calendar year or portion thereof, an amount based on the DC Member's years of Service determined at the beginning of each pay period as follows:

Years of Service	*Company Contribution Percentage*
Less than 10	3%
10 to 19 inclusive	4%
20 to 29 inclusive	5%
30 or more	6%

The contribution by the Company on behalf of a DC Member shall be determined by applying the Company contribution percentage to the sum of:

(a) the DC Member's Base Earnings; plus

(b) the DC Member's Deemed PIP Award.

For purposes of this Section B.9.1, the DC Member's "Deemed PIP Award" will be limited to two (2) times the DC Member's level of target award under the Performance Incentive Plan.

B.9.2 **Allocation of Forfeiture Account**

At the discretion of the Company, the Act, Regulations and Revenue Rules, the balance of the Forfeiture Account shall, within the time limits specified in such Revenue Rules, be used to reduce the contributions of the Company otherwise required under this Appendix B by means of a transfer of monies from the Forfeiture Account to the DC Members' Company Accounts.

B.9.3 **Company Contributions for Executive DC Members**

Subject to Section B.9.2 and Article B.10, during periods that the Company contributes in accordance with Section B.9.1 on behalf of an Executive DC Member, the Company shall also contribute on behalf of the Executive DC Member an amount equal to 2% multiplied by the sum of:

(a) the Executive DC Member's Base Earnings, plus

(b) the Executive DC Member's Deemed PIP Award.

For purposes of this Section B.9.3, the Executive DC Member's "Deemed PIP Award" shall be limited to two (2) times the Executive DC Member's level of target award under the Performance Incentive Plan.

Article B.10 – Maximum Contributions

B.10.1 **Maximum Contribution Limit**

(a) For the purposes of the provisions of Articles B.8 and B.9, the maximum contribution limit in respect of any calendar year shall be 18% of the sum of:

(i) the DC Member's Base Earnings, and

(ii) the DC Member's Deemed PIP Award,

in that calendar year, subject to the money purchase maximum dollar limit of the Revenue Rules applicable in that calendar year.

(b) The maximum contribution limit calculated in accordance with paragraph (a) shall be reduced by the amount of the DC Member's expected Pension Adjustment, as defined in the Revenue Rules, for any benefits accrued or contributions made in the calendar year under any other Registered Pension Plan or deferred profit sharing plan of the Company.

(c) A Member's Required DC Contributions, or those made by the Company on his behalf, pursuant to Article B.8 shall not exceed 1/3 of the maximum contribution limit specified in paragraphs (a) and (b).

(d) Contributions made by the Company pursuant to Article B.9, including amounts transferred from the Forfeiture Account in accordance with Section B.9.2, shall not exceed the difference of

(i) the maximum contribution limit specified in paragraphs (a) and (b),

minus

(ii) the Member's Required DC Contributions, or those made by the Company on his behalf, pursuant to Article B.8 and paragraph (c).

Article B.11 - Accounts

B.11.1 **DC Member Accounts**

Individual accounts shall be maintained in the DC Segment of the Fund by the Funding Agency with respect to each DC Member, as follows:

(a) DC Member Contributions made in accordance with Section B.8.1 shall be allocated to the DC Member's Employee Account.

(b) The contributions of the Company made in accordance with Sections B.9.1 and B.9.3, including amounts transferred from the Forfeiture Account in accordance with Section B.9.2 shall be allocated to the DC Member's Company Account.

B.11.2 **Conversion Value**

If a DC Member transfers his Conversion Value to this Appendix B of the Plan in accordance with paragraph 4.03 of the Plan, then as of December 31, 2000:

(a) his Employee Account shall be credited with his Accumulated Contributions; and

(b) his Company Account shall be credited with the excess of his Conversion Value over his Accumulated Contributions.

B.11.3 **Forfeiture Account**

A separate account shall be maintained by the Funding Agency in the Fund which represents the undistributed DC Members' Company Accounts which have been forfeited in accordance with Sections B.13.1 and B.14.1. At each Valuation Date, the Funding Agency shall decrease the Forfeiture Account by the amount of any applications since the previous Valuation Date which have been made in accordance with Section B.9.2.

B.11.4 **Investment of Accounts**

(a) The DC Member's Employee Account and Company Account shall be invested, pursuant to directions provided by the DC Member, in a number of investment options to be made available by the Funding Agency under the terms of the Funding Agreement. In the absence of such directions on the part of a DC Member, his Accounts shall be invested in an investment option or options to be selected by the Company for purposes of such default. Neither the Company nor any member of the DC Committee, nor any director, officer or other employee of the Company shall be liable to any DC Member, his Designated Beneficiary or any other person, in respect of the investment returns earned or losses experienced in the DC Member's Accounts, or in respect of the final accumulated balance of such Accounts.

(b) The Forfeiture Account shall be invested, pursuant to directions provided by the Company, in a number of investment options to be made available by the Funding Agency under the terms of the Funding Agreement.

B.11.5 **Valuation of Accounts**

The value of each Account shall be determined or determinable by the Funding Agency at each Valuation Date. Valuation Dates shall occur at such times as may be required or permitted by the Funding Agreement, but not less frequently than monthly. The value of each Account shall be computed in accordance with the terms of the Funding Agreement.

Article B.12 – Retirement Benefits

B.12.1 **Retirement**

The retirement of a DC Member shall occur if and when the earliest of the following occur:

(a) the DC Member terminates employment on or after the DC Member's Normal Retirement Date;

(b) the DC Member reaches the end of the calendar year during which such DC Member attains age 69, regardless of whether he remains an Employee beyond such date;

(c) the DC Member terminates employment within the 10-year period immediately preceding his Normal Retirement Date provided the DC Member has been a Member for two (2) or more continuous years and elects to retire;

(d) in the case of a DC Member who terminated employment prior to his Normal Retirement Date and elected to have his Company Account and Employee Account remain in the Plan in accordance with Section B.14.3, the DC Member reaches the earlier of:

(i) his Normal Retirement Date; or

(ii) a date that is within the 10-year period immediately preceding his Normal Retirement Date and the DC Member elects to receive retirement benefits; or

(e) in the case of a DC Member who is eligible for benefits under a Company-sponsored disability income program, the DC Member reaches his Normal Retirement Date.

B.12.2 **Distribution of Account**

Upon retirement:

(a) the DC Member shall be entitled to the distribution of the value of his Employee and Company Accounts; and

(b) the DC Member shall transfer the value of his Employee and Company Accounts to a Locked-In Retirement Fund.

B.12.3 **Option to Remain a DC Participant**

Notwithstanding Section B.12.2, a retired DC Member may elect to maintain his Employee and Company Accounts and to continue to be treated as a DC Member until such time as he makes a transfer as described in paragraph B.12.2(b), which transfer must occur not later than his Normal Retirement Date. No further contributions to the Plan shall be made by or on behalf of such retired DC Member. Any DC Member so electing to maintain his Employee and Company Accounts in the Plan may be charged any fees or charges attributable to the operation of those Accounts, to be payable from those Accounts, in accordance with the terms and conditions set out from time to time by the Company.

Article B.13 – Death Benefits

B.13.1 **Death Benefits - Prior to Two Years' Service**

In the event a DC Member dies before he has been a Member for at least two (2) continuous years, his Spouse, or if there is no Spouse, his Designated Beneficiary, shall receive the value of his Employee Account in a lump sum. The value of the DC Member's Company Account shall be allocated to the Forfeiture Account.

B.13.2 **Death Benefits - After Two Years' Service**

(a) **Without a Spouse**

In the event a DC Member without a Spouse dies after he has been a Member for at least two (2) continuous years but prior to the distribution of his Employee and Company Accounts under any other Article of the Plan, his Designated Beneficiary shall receive the value of his Employee and Company Accounts in a lump sum.

(b) **With a Spouse**

In the event a DC Member with a Spouse dies after he has been a Member for at least two (2) continuous years but prior to the distribution of his Employee and Company Accounts under any other Article of the Plan, his Spouse shall receive the value of his Employee and Company Accounts by way of a transfer to a Locked-In Retirement Fund.

Article B.14 – Termination Benefits

B.14.1 **Termination Prior to Two Years' Service**

In the event a DC Member terminates employment for any reason other than death or retirement and the DC Member has been a Member for less than two (2) continuous years, the DC Member shall receive the value of his Employee Account in a lump sum. The value of the DC Member's Company Account shall be allocated to the Forfeiture Account.

B.14.2 **Termination After Two Years' Service**

Subject to Section B.14.3, in the event a DC Member terminates employment for any reason other than death or retirement after he has been a Member for two (2) or more continuous years, the DC Member shall receive the value of his Employee and Company Accounts by way of a transfer to a Locked-In Retirement Fund.

B.14.3 **Option to Remain a DC Member**

Notwithstanding Section B.14.2, a terminated DC Member who has been a Member for two (2) or more continuous years at his date of termination may elect to maintain his Employee and Company Accounts and to continue to be treated as a DC Member until such time as he elects to transfer the value of his Employee and Company Accounts to a Locked-In Retirement Fund, which transfer must occur not later than his Normal Retirement Date. No further contributions to the Plan shall be made by or on behalf of such terminated DC Member. Any DC Member so electing to maintain his Employee and Company Accounts in the Plan may be charged any fees or charges attributable to the operation of those Accounts, to be payable from those Accounts, in accordance with the terms and conditions set out from time to time by the Company.

AMENDMENT NUMBER 1
TO THE DEFINED CONTRIBUTION PROVISIONS (APPENDIX B) OF THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN CONSOLIDATED AS AT JANUARY 1, 2009

Amendments effective July 1, 2010:

1. Delete Section B.1.10 and replace it with the following:

B.1.10 **DC Member**

"DC Member" means a Member who has elected to accrue DC Pension Benefits under this Appendix B or who has ceased accruing DC Pension Benefits but still maintains his Accounts hereunder.

Effective August 6, 2010, a DC Member will participate as either a DC1 Member or a DC2 Member, where:

(a) "DC1 Member" means a Management Employee who was a DC Member on June 30, 2010 and who elected or was deemed to have elected, effective August 6, 2010, to contribute in accordance with clause B.8.1(a)(ii)(A) and to retain the option to become a DB Member in accordance with paragraph 4.05 of the Plan; and

(b) "DC2 Member" means:

(i) a Management Employee who was a DC Member on June 30, 2010 and who elected, effective August 6, 2010, to contribute in accordance with clause B.8.1(a)(ii)(B);

(ii) a Management Employee who, on or after July 1, 2010, elected in accordance with paragraph 4.03(d) of the Plan to become a DC Member and contribute in accordance with clause B.8.1(a)(ii)(B); and

(iii) a Management Employee who joins the Plan on or after August 6, 2010 and, consequently, is required to become a DC Member and contribute in accordance with clause B.8.1(a)(ii)(B).

For greater clarity, a DC2 Member does not have the option to become a DB Member in accordance with paragraph 4.05 of the Plan.

2. Delete Section B.2.1 and replace it with the following:

B.2.1 **Amendment to the Plan**

Effective January 1, 2001, the Plan was amended to provide, by the addition of this Appendix B, a defined contribution provision for Management Employees who so elect to participate. Effective July 1, 2010, this Appendix B is amended to change the defined contribution provisions. The Accounts established hereunder shall hereby form the DC Segment of the Fund.

3. Delete paragraph B.8.1(a) and replace it with the following:

(a) Subject to Sections B.8.2, B.8.3 and B.8.4 and also subject to Article B.10, in each calendar year or portion thereof, a DC Member shall be required to contribute, through payroll deduction, as follows:

(i) in respect of periods of Pensionable Service prior to August 6, 2010: 3% of his Base Earnings; and

(ii) in respect of periods of Pensionable Service on or after August 6, 2010:

(A) for a DC1 Member: 3% of his Base Earnings; and

(B) for a DC2 Member: an amount based on the sum of the DC Member's age and years of Service, determined at the beginning of each pay period, as follows:

Years of Age plus Service	*Employee Contribution Percentage*
Less than 40	4%
40 to 49 inclusive	5%
50 or more	6%

multiplied by his Base Earnings.

However, no DC Member shall make Required DC Contributions beyond five years after becoming employed by a foreign associate or affiliate of the Company unless such continued contributions are approved under Revenue Rules.

4. Add Section B.8.4 immediately following Section B.8.3:

B.8.4 **No Contributions While a DB Member**

A DC Member shall not be required or permitted to make Required DC Contributions to the Plan while participating as a DB Member in accordance with subparagraph 4.03(e) or paragraph 4.05 of the Plan.

5. Delete Section B.9.1 and replace it with the following:

B.9.1 **Company Contributions**

Subject to Section B.9.2 and Article B.10, during the periods that the DC Member, the Company, or both make DC Member Contributions in accordance with Article B.8, the Company shall, within the time limits specified in the Act and Regulations, contribute on behalf of the DC Member during each calendar year or portion thereof, as follows:

(a) in respect of periods of Pensionable Service prior to August 6, 2010: an amount based on the DC Member's years of Service, determined at the beginning of each pay period, as follows:

Years of Service	*Company Contribution Percentage*
Less than 10	3%
10 to 19 inclusive	4%
20 to 29 inclusive	5%
30 or more	6%

multiplied by the sum of:

(i) the DC Member's Base Earnings, plus

(ii) the DC Member's Deemed PIP Award; and

(b) in respect of periods of Pensionable Service on and after August 6, 2010:

(i) for a DC1 Member: an amount based on the DC Member's years of Service, determined at the beginning of each pay period, as follows:

Years of Service	*Company Contribution Percentage*
Less than 10	3%
10 to 19 inclusive	4%
20 to 29 inclusive	5%
30 or more	6%

and,

(ii) for a DC2 Member: an amount based on the sum of the DC Member's age and years of Service, determined at the beginning of each pay period, as follows:

Years of Age plus Service	*Company Contribution Percentage*
Less than 40	4%
40 to 49 inclusive	5%
50 to 59 inclusive	6%
60 to 69 inclusive	7%
70 or more	8%

multiplied by the sum of:

(iii) the DC Member's Base Earnings, plus

(iv) the DC Member's Deemed PIP Award.

For purposes of this Section B.9.1, the DC Member's "Deemed PIP Award" will be limited to two (2) times the DC Member's level of target award under the Performance Incentive Plan.

6. Delete Section B.9.3 and replace it with the following:

B.9.3 **Company Contributions for Executive DC Members**

Subject to Section B.9.2 and Article B.10, during periods that the Company contributes in accordance with Section B.9.1 on behalf of an Executive DC Member, the Company shall also contribute on behalf of the Executive DC Member as follows:

(a) in respect of periods of Pensionable Service prior to August 6, 2010: an amount equal to 2% multiplied by the sum of:

(i) the Executive DC Member's Base Earnings, plus

(ii) the Executive DC Member's Deemed PIP Award; and

(b) in respect of periods of Pensionable Service on and after August 6, 2010:

(i) For a DC1 Member, an amount equal to 2%, and

(ii) For a DC2 Member, an amount equal to 6%,

multiplied by the sum of:

(iii) the Executive DC Member's Base Earnings, plus

(iv) the Executive DC Member's Deemed PIP Award.

For purposes of this Section B.9.3, the Executive DC Member's "Deemed PIP Award" shall be limited to two (2) times the Executive DC Member's level of target award under the Performance Incentive Plan.

7. Delete paragraphs B.10.1(c) and B.10.1(d) and replace them with the following paragraph B.10.1(c):

(c) The sum of the contributions made by the Member pursuant to Article B.8 and by the Company pursuant to Article B.9, including amounts transferred from the Forfeiture Account in accordance with Section B.9.2, shall not exceed the maximum contribution limit specified in paragraphs (a) and (b).

8. Delete paragraph B.12.1(b) and replace it with the following (with changes to the current rules bolded):

(b) the DC Member reaches the end of the calendar year during which such DC Member attains age 69, **or such other time as is acceptable under the *Income Tax Act* and the *Regulations* thereunder,** regardless of whether he remains an Employee beyond such date;

Exhibit 10.17

AMENDMENT NUMBER 2
TO THE DEFINED CONTRIBUTION PROVISIONS (APPENDIX B) OF THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN CONSOLIDATED AS AT JANUARY 1, 2009

Effective April 1, 2011,

1. Delete Section B.1.14 and replace it with the following:

B.1.14 **Executive DC Member**

"Executive DC Member" means a DC Member who holds a permanent position graded S43 or higher, or the equivalent classification under any of the Company's salary plans.

Exhibit 10.18

AMENDMENT NUMBER 3
TO THE DEFINED CONTRIBUTION PROVISIONS (APPENDIX B) OF THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN CONSOLIDATED AS AT JANUARY 1, 2009

Effective January 1, 2013,

1. Delete Section B.1.14 and replace it with the following:

B.1.14 **Executive DC Member**

"Executive DC Member" means a DC Member who holds a permanent position in an eligible salary classification as determined by the Board.

2. Delete clause B.1.10(b)(i) and replace it with the following:

B.1.10 (b) (i) a Management Employee who:

(A) was a DC Member on June 30, 2010 and who elected, effective August 6, 2010, or

(B) was a DC1 Member who elected effective June 7, 2013,

to contribute in accordance with clause B.8.1(a)(ii)(B);

Exhibit 10.19

APPENDIX 1

AMENDMENT NUMBER 1

TO THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN

CONSOLIDATED AS AT JANUARY 1, 2009

AMENDMENTS IN RESPECT OF MANAGEMENT EMPLOYEES

1. Delete subparagraph 1.04 and replace it with the following:

1.04 Defined Contribution Provision

Effective January 1, 2001, the Plan was amended to establish, in Appendix B, a defined contribution provision for Management Employees. At that time, it provided for a limited time transfer by Management Employees of benefits accrued under the defined benefit provisions of the Plan to the defined contribution provisions of Appendix B in accordance with paragraph 4.03.

All Management Employees hired on or after July 1, 2010 or who join the Plan on or after August 6, 2010 are only eligible for the Plan's defined contribution provisions.

2. Delete subparagraph 4.03(b) and replace it with the following:

(b) (i) A Management Employee who joins the Plan on or after November 1, 2000, but before January 1, 2001, shall, subject to paragraph 4.05, irrevocably elect on or before his Election Date to either become and remain a DB Member, or become a DC Member effective January 1, 2001.

(ii) A Management Employee who joins the Plan on or after January 1, 2001, but before August 6, 2010, shall, subject to clause (iii) and paragraph 4.05, irrevocably elect to become either a DB Member or a DC Member.

(iii) A Management Employee who joins the Plan on or after November 1, 2009, but before July 1, 2010, and who elects to become a DB Member or is deemed to have elected to become a DB Member under subparagraph 4.06(d), may, prior to July 1, 2010, elect to become a DC Member effective August 6, 2010.

(iv) Notwithstanding subparagraph 4.01(a), a Management Employee who is hired on or after July 1, 2010 shall not join the Plan prior to August 6, 2010.

(v) A Management Employee who joins the Plan on or after August 6, 2010 shall become a DC Member.

(vi) Notwithstanding subparagraph (a), a Management Employee who is participating in a bridging program sponsored by the Company on or before January 1, 2001 shall remain a DB Member.

3. Delete subparagraph 4.03(d) and replace it with the following:

(d) (i) Notwithstanding subparagraphs (a), (b) and (c), an Employee in a position covered by a collective agreement with a Union shall, upon becoming a Management Employee on or after January 1, 2001, and subject to paragraph 4.05, irrevocably elect to either remain a DB Member or become a DC Member. In no event, however, shall a Conversion Value be determined in respect of such Employee nor shall the Employee be permitted to transfer to the Defined Contribution Provision the value of any or all of his defined benefits accrued to the effective date of such election.

(ii) Notwithstanding clause (i), a Management Employee who elected to remain a DB Member in accordance with clause (i), and whose election was effective on or after November 1, 2009 but before July 1, 2010, may, prior to July 1, 2010, elect to become a DC Member effective August 6, 2010.

4. Delete paragraph 4.05 and replace it with the following:

4.05 Option to Become DB Member at Age 45

(a) A DC Member who has met the conditions set out in subparagraph (b) may irrevocably elect, on a form prescribed by the Company, prior to and effective the January 1 coincident with or immediately subsequent to his attaining age 45, to become a DB Member. However, such election shall only be in respect of Service on and after such January 1. Further, a DC Member so electing shall be required to leave his benefits accrued under the Defined Contribution Provision, including those transferred pursuant to subparagraph 4.03(c), in his Accounts until such time as he reaches his Retirement Date, dies or terminates.

(b) A DC Member has met the conditions for subparagraph (a) if either:

(i) the DC Member made the election under subparagraph (a) prior to January 1, 2010, or

(ii) the DC Member is a DC Member on August 5, 2010 and has, within the time period and on a form prescribed by the Company, elected to retain the option to become a DB Member in accordance with subparagraph (a).

(c) Notwithstanding subparagraph (a), a DC Member who elected to become a DB Member in accordance with subparagraph (a), and whose election was effective January 1, 2010, may, prior to July 1, 2010, elect to become a DC Member effective August 6, 2010.

5. Delete subparagraph 4.06(d) and replace it with the following:

(d) Any Management Employee who joins the Plan on or after January 1, 2008 but before August 6, 2010 and fails to make an election in accordance with clause 4.03(b)(ii) shall be deemed to have irrevocably elected to become a DB Member.

Exhibit 10.20

AMENDMENT NUMBER 2

TO THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN

CONSOLIDATED AS AT JANUARY 1, 2009

AMENDMENTS FOR CPPA AND TC/USWA EFFECTIVE JANUARY 1, 2010.

Effective January 1, 2010,

1. Delete subparagraph 17.01 (c) and replace it with the following:

17.01 (c) "Buyback Window" means the period commencing and ending on the dates set out in the table below:

Affiliation	Buyback Window Commencement Date	Buyback Window Ending Date
CAW-TCA	March 1, 2008	June 30, 2011
CPPA	January 1, 2010	June 30, 2013
IBEW	October 1, 2005	June 30, 2010
RCTC	January 1, 2003	June 30, 2006
TCRC-RTE	Not applicable	Not applicable
TCRC-MWED	August 1, 2007	July 1, 2010
TC/USWA	January 1, 2010	June 30, 2013
Management	Not applicable	Not applicable

2. Delete subparagraph 17.02(a) and replace it with the following:

17.02 (a) was a Member on the date determined by the Committee as set out in the table below:

Affiliation	Eligibility Date
CAW-TCA	January 1, 2008
CPPA	January 1, 2006
IBEW	January 1, 2001
RCTC	January 1, 2003
TCRC-RTE	Not applicable
TCRC-MWED	August 1, 2007
TC/USWA	January 1, 2010
Management	Not applicable

Exhibit 10.21

AMENDMENT NUMBER 3
TO THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN
CONSOLIDATED AS AT JANUARY 1, 2009

AMENDMENTS FOR IBEW EFFECTIVE JANUARY 1, 2010.

Effective January 1, 2010,

1. Delete subparagraph 17.01 (c) and replace it with the following:

17.01 (c) "Buyback Window" means the period commencing and ending on the dates set out in the table below:

Affiliation	Buyback Window Commencement Date	Buyback Window Ending Date
CAW-TCA	March 1, 2008	June 30, 2011
CPPA	January 1, 2010	June 30, 2013
IBEW	**January 1, 2010**	**June 30, 2013**
RCTC	January 1, 2003	June 30, 2006
TCRC-RTE	Not applicable	Not applicable
TCRC-MWED	August 1, 2007	July 1, 2010
TC/USWA	January 1, 2010	June 30, 2013
Management	Not applicable	Not applicable

2. Delete subparagraph 17.02(a) and replace it with the following:

17.02 (a) was a Member on the date determined by the Committee as set out in the table below:

Affiliation	Eligibility Date
CAW-TCA	January 1, 2008
CPPA	January 1, 2006
IBEW	**January 1, 2010**
RCTC	January 1, 2003
TCRC-RTE	Not applicable
TCRC-MWED	August 1, 2007
TC/USWA	January 1, 2010
Management	Not applicable

Exhibit 10.22

AMENDMENT NUMBER 4
TO THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN
CONSOLIDATED AS AT JANUARY 1, 2009

AMENDMENTS FOR CAW-TCA EFFECTIVE JANUARY 1, 2011.

Effective January 1, 2011,

1. Delete subparagraph 17.01 (c) and replace it with the following:

17.01 (c) "Buyback Window" means the period commencing and ending on the dates set out in the table below:

Affiliation	Buyback Window Commencement Date	Buyback Window Ending Date
CAW-TCA	**January 1, 2011**	June 30, **2015**
CPPA	January 1, 2010	June 30, 2013
IBEW	January 1, 2010	June 30, 2013
RCTC	January 1, 2003	June 30, 2006
TCRC-RTE	Not applicable	Not applicable
TCRC-MWED	August 1, 2007	July 1, 2010
TC/USWA	January 1, 2010	June 30, 2013
Management	Not applicable	Not applicable

2. Delete subparagraph 17.02(a) and replace it with the following:

17.02 (a) was a Member on the date determined by the Committee as set out in the table below:

Affiliation	Eligibility Date
CAW-TCA	January 1, **2011**
CPPA	January 1, 2006
IBEW	January 1, 2010
RCTC	January 1, 2003
TCRC-RTE	Not applicable
TCRC-MWED	August 1, 2007
TC/USWA	January 1, 2010
Management	Not applicable

Exhibit 10.23

AMENDMENT NUMBER 5

TO THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN

CONSOLIDATED AS AT JANUARY 1, 2009

AMENDMENTS FOR MANAGEMENT EMPLOYEES

Effective January 1, 2011,

1. Delete paragraph 2.06 and replace it with the following:

2.06 Averaged Incentive Compensation

"Averaged Incentive Compensation" means, subject to subparagraph 5.01(g), an amount calculated as the product of the amount described in subparagraph (a) of the definition of Highest Plan Earnings in respect of the Member multiplied by the lesser of A and B, where A and B are determined as at the AIC Date, where "AIC Date" means the earlier of the Member's Date of Cessation of Membership and the date on which the Member commences a pre-retirement leave of absence, and where:

A is calculated as follows:

(a) for each of the ten (10) calendar years preceding the year of the AIC Date, determine the percentage that the Member's Deemed PIP Award or any amounts paid under such other incentive plan as determined by the Company in respect of that year is of the Member's Base Earnings for that year, then

(b) average the five (5) highest percentages obtained under subparagraph (a); and

B equals the average of the Member's level of target award under the Performance Incentive Plan in effect on each December 31 over the five year period ending on the AIC Date, expressed as a percentage of salary.

For the purposes of calculating B above, the Member's level of target award under the Performance Incentive Plan at a December 31 that is prior to 2011 shall be deemed to equal the Member's level of target award under the Performance Incentive Plan at December 31, 2010, and furthermore, the Member's level of target award under the

Performance Incentive Plan at December 31, 2010 shall be the Member's level of target award in effect immediately prior to the introduction of the revised level of target awards approved by the Board in February 2011.

This provision shall apply to periods of Management Service.

Effective April 1, 2011,

2. Delete paragraph 2.50 and replace it with the following:

2.50 Middle Manager/Executive

"Middle Manager/Executive" means an Employee who holds a permanent position graded Stratum 3 or higher, or equivalent classification under any of the Company's salary plans.

Exhibit 10.24

AMENDMENT NUMBER 6
TO THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN
CONSOLIDATED AS AT JANUARY 1, 2009

AMENDMENTS FOR CAW-TCA EFFECTIVE OCTOBER 1, 2012.

Effective October 1, 2012,

Add new subparagraph 17.01(e) as follows:

17.01 (e) "Approved Pensionable Service", when used with reference to paragraph 17.09, refers to Service rendered by a Member while receiving Employment Security Benefits after having attained Maximum Deemed Service which has been approved by the Canada Revenue Agency to be included as Pensionable Service, and for which the Member has made the required contributions in accordance with paragraph 17.09.

Add new paragraph 17.09 as follows:

17.09 (a) The Company may enter into an agreement with a Union to seek approval from Canada Revenue Agency of periods of Approved Pensionable Service in respect of Members represented by the Union.

(b) The agreement shall set out the criteria for determining the periods Service that may be eligible as Approved Pensionable Service and for which approval will be sought from Canada Revenue Agency.

(c) The agreement shall set out the method for determining the amounts that the Member must contribute to the Fund in respect of a period of Approved Pensionable Service, and the manner in which the Member may pay such contributions.

(d) The agreement shall set out time periods for

(i) the Company to provide information and notice to the Member, and for the Member to respond to the Company,

(ii) the Company to submit requests to Canada Revenue Agency for approvals of Approved Pensionable Service, and

(iii) the Member to pay to the Fund the contributions required by the agreement.

(e) A period of Service shall be considered Approved Pensionable Service and shall be included as Pensionable Service only after Canada Revenue Agency has given its written approval in respect of such period of Service, and after the Fund has received the full amount of the required contributions from the Member in respect of such period of Service.

Exhibit 10.25

AMENDMENT NUMBER 7

TO THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN

CONSOLIDATED AS AT JANUARY 1, 2009

AMENDMENTS FOR TC/USWA EFFECTIVE JANUARY 1, 2013

Effective January 1, 2013,

1. Delete subparagraph 2.21(b) and replace it with the following:

   "(b) Earnings shall be modified to include incentive pay for periods of Union Service,

   (i) on and after January 1, 2004, other than TCRC-RTE Service or TC/USWA Service,

   (ii) on and after July 1, 2008, for TCRC-RTE Service, and

   (iii) on and after January 1, 2004 and received on or before December 31, 2013 for TC/USWA Service."

2. Delete the first line of clause 2.27(c)(i) and replace it with the following:

   "(i) Union Service, other than TCRC-RTE Service or TC/USWA Service,"

3. Add the following after clause 2.27(c)(ii):

   "and

   (iii) TC/USWA Service,

   (A) prior to January 1, 2004, where Base Earnings do not include incentive pay,

   (B) on and after January 1, 2004, and before January 1, 2013, where Base Earnings include incentive pay, as set out in subparagraph 2.21(b), and

   (C) on and after January 1, 2013, where Base Earnings do not include incentive pay."

4. Add a new paragraph 2.40.1, as follows:

"**2.40.1 Pension Limit**

"Pension Limit" for a year of Pensionable Service means

(a) in respect of a Member whose last date of hire with the Company is prior to January 1, 2013, $1,975, and

(b) in respect of a Member whose last date of hire with the Company is on or after January 1, 2013, $1,715."

5. Add a new subparagraph 5.01(a.1) after subparagraph 5.01(a), as follows:

(a.1) Notwithstanding subparagraph 5.01(a), if a Member's last date of hire with the Company is on or after January 1, 2013 then the percentages 5.67% and 7.25% in the table in subparagraph 5.01(a) in respect of TC/USWA Service are replaced with 4.3% and 6.3%, respectively.

6. Delete clause 5.01(e)(i) and replace it with the following:

"(e) (i) For the purposes of subparagraphs 5.01(a), 5.01(c) and 5.01(d), as such subparagraphs refer to a period of Union Service, "Earnings" are limited to the product of fifty (50) and the Defined Benefit Limit for the year in which the contribution is to be made; provided that, for Members represented by the TC/USWA, for periods of Pensionable Service on and after January 1, 2013, "Earnings" are limited to the product of fifty (50) and the Pension Limit."

7. In paragraph 8.01, after the words, "Subject to clause 7.01(a)(iv)", add the words "and to paragraph 8.08 and paragraph 8.09".

8. Add new subparagraph 8.01(d), as follows:

(d) Notwithstanding subparagraph 8.01(b), if a Member's last date of hire with the Company is on or after January 1, 2013 then the percentage 1.8% in the table in subparagraph 8.01(b) in respect of TC/USWA Service is replaced with 1.7%.

9. Add new paragraphs 8.08 and 8.09, as follow:

"**8.08 Application of Pension Limit – TC/USWA Past Service**

(a) Notwithstanding paragraph 1A.01 and paragraph 8.01, but subject to subparagraph 8.08(c), for any Member represented by the TC/USWA on November 8, 2012, the portion of such Member's annual pension in respect of all of the Member's Pensionable Service prior to January 1, 2013, calculated at the Member's Date of Cessation of Membership, shall not exceed the product of the Member's Pensionable Service for such period and the Pension Limit.

(b) For any Member who, at November 8, 2012, is not then represented by the TC/USWA, but who thereafter becomes so represented by the TC/USWA, the provisions of subparagraph (a) will apply to such Member in respect of all of the Member's Pensionable Service prior to the later of (1) the earliest date at which the Member becomes represented by the TC/USWA, and (2) January 1, 2013.

(c) Notwithstanding subparagraphs (a) and (b), if,

(i) at January 1, 2013, for a Member described in subparagraph (a), or

(ii) at the later of (1) the earliest date at which the Member becomes represented by the TC/USWA, or (2) January 1, 2013, for a Member described in subparagraph (b),

such Member's

(A) Pension Accrued for all Pensionable Service prior to such date, calculated using such date as the Member's Date of Cessation of Membership and using the Member's Highest Plan Earnings and the Average Year's Maximum Pensionable Earnings at that date, but subject to application of paragraph 8.06 and paragraph 8.07 to the amount so calculated,

exceeds

(B) the product of the Pension Limit and the Member's Pensionable Service at that date,

then the portion of such Member's annual pension in respect of all of the Member's Pensionable Service prior to such date shall be the amount referred to in subclause (A).

8.09 Application of Pension Limit – TC/USWA Future Service

Notwithstanding subparagraph 8.01(b), for a Member represented by the TC/USWA, the portion of the Member's annual pension calculated at the Member's Date of Cessation of Membership in respect of periods of Pensionable Service in Canada on or after the later of:

(a) January 1, 2013, and

(b) the earliest date at which the Member became represented by the TC/USWA,

shall not exceed the product of (i) and (ii), where:

(i) is the Member's Pensionable Service in such periods, and

(ii) is the Pension Limit."

Exhibit 10.26

AMENDMENT NUMBER 8

TO THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN

CONSOLIDATED AS AT JANUARY 1, 2009

AMENDMENTS FOR CPPA, IBEW, RCTC, TCRC-RTE and TCRC-MWED EFFECTIVE JANUARY 1, 2013

Effective January 1, 2013,

1. Delete subparagraph 2.21(b) and replace it with the following:

"(b) Earnings shall be modified to include incentive pay for periods of Union Service,

(i) on and after January 1, 2004, for CAW-TCA Service,

(ii) on and after July 1, 2008 and received on or before December 31, 2013 for TCRC-RTE Service, and

(iii) on and after January 1, 2004 and received on or before December 31, 2013 for CPPA, IBEW, RCTC, TCRC-MWED and TC/USWA Service.

2. Delete subparagraph 2.27(c) and replace it with the following:

"(c) For clarity, for periods of Union Service, Highest Plan Earnings shall be determined separately for periods of:

(i) CAW-TCA Service,

(A) prior to January 1, 2004, where Base Earnings do not include incentive pay, and

(B) on and after January 1, 2004, where Base Earnings include incentive pay, as set out in subparagraph 2.21(b),

and

(ii) TCRC-RTE Service,

(A) prior to July 1, 2008, where Base Earnings do not include incentive pay,

(B) on and after July 1, 2008 and before January 1, 2013, where Base Earnings include incentive pay, as set out in subparagraph 2.21(b), and

(C) on and after January 1, 2013, where Base Earnings do not include incentive pay,

and

(iii) CPPA, IBEW, RCTC, TCRC-MWED and TC/USWA Service,

(A) prior to January 1, 2004 where Base Earnings do not include incentive pay,

(B) on and after January 1, 2004 and before January 1, 2013, where Base Earnings include incentive pay, as set out in subparagraph 2.21(b), and

(C) on and after January 1, 2013, where Base Earnings do not include incentive pay.

3. Delete subparagraph 5.01(a.1) and replace it with the following:

"(a.1) Subject to 5.01(a.2), notwithstanding subparagraph 5.01(a), if a Canadian Employee's last date of hire with the Company is on or after January 1, 2013 and that Member is accruing Union Service, then that Member shall contribute to the Fund as follows:

(i) for Earnings that do not exceed the Year's Maximum Pensionable Earnings, 4.3% of those Earnings; and

(ii) for Earnings that exceed the Year's Maximum Pensionable Earnings, 6.3% of those Earnings.

4. Add a new subparagraph 5.01(a.2) after subparagraph 5.01(a.1), as follows:

"(a.2) Where a Member's last date of hire with the Company is on or after January 1, 2013 and that Member is represented by the CAW-TCA, then that Member shall contribute to the Fund in accordance with 5.01(a) in respect of CAW-TCA Service.

5. Delete clause 5.01(e)(i) and replace it with the following:

"(e) (i) For the purposes of subparagraphs 5.01(a), 5.01(c) and 5.01(d), as such subparagraphs refer to a period of Union Service, "Earnings" are limited to the product of fifty (50) and the Defined Benefit Limit for the year in which the contribution is to be made; provided that, for Members

represented by the TCRC-MWED, CPPA, TC/USWA, and IBEW, for periods of Pensionable Service on and after January 1, 2013, "Earnings" are limited to the product of fifty (50) and the Pension Limit."

6. Remove last sentence in paragraph 8.01 and add new subparagraphs 8.01(d) and 8.01(e) after subparagraph 8.01(c), as follows:

"(d) Notwithstanding subparagraph 8.01(b), if a Member's last date of hire with the Company is on or after January 1, 2013, then the percentage 1.8% in the table in subparagraph 8.01(b) in respect of Union Service that is not CAW-TCA Service, is replaced with 1.7%."

"(e) For purposes of subparagraphs (a), (b), (c) and (d) above, the Highest Plan Earnings to be used for each period of Pensionable Service shall reflect the definition of Highest Plan Earnings as applicable for each Union or as a Management Employee at the Member's Date of Cessation of Membership."

7. Add new paragraphs 8.08 and 8.09, as follows:

"**8.08 Application of Pension Limit – TCRC-MWED, CPPA, TC/USWA and IBEW Past Service**

(a) Notwithstanding paragraph 1A.01 and paragraph 8.01, but subject to subparagraph 8.08(c), for any Member represented by the:

(i) TCRC-MWED on January 25, 2013,

(ii) CPPA on December 7, 2012,

(iii) TC/USWA on November 8, 2012, or

(iv) IBEW December 18, 2012,

the portion of such Member's annual pension in respect of all of the Member's Pensionable Service prior to January 1, 2013, calculated at the Member's Date of Cessation of Membership, shall not exceed the product of the Member's Pensionable Service for such period and the Pension Limit.

(b) For any Member who, at

(i) January 25, 2013, is not then represented by the TCRC-MWED

(ii) November 8, 2012, is not then represented by the TC/USW,

(iii) December 7, 2012, is not then represented by the CPPA, and

(iv) December 18, 2012, is not then represented by the IBEW,

but who thereafter becomes so represented by the TCRC-MWED, CPPA, TC/USWA or the IBEW, the provisions of subparagraph (a) will apply to such Member in respect of all of the Member's Pensionable Service prior to the later of (1) the earliest date at which the Member becomes represented by the TCRC-MWED, CPPA, TC/USWA or the IBEW, and (2) January 1, 2013.

(c) Notwithstanding subparagraphs (a) and (b), if,

(i) at January 1, 2013, for a Member described in subparagraph (a), or

(ii) at the later of (1) the earliest date at which the Member becomes represented by the TCRC-MWED, CPPA, TC/USWA or the IBEW, or (2) January 1, 2013, for a Member described in subparagraph (b),

such Member's

(A) Pension Accrued for all Pensionable Service prior to such date, calculated using such date as the Member's Date of Cessation of Membership and using the Member's Highest Plan Earnings and the Average Year's Maximum Pensionable Earnings at that date, but subject to application of paragraph 8.06 and paragraph 8.07 to the amount so calculated,

exceeds

(B) the product of the Pension Limit and the Member's Pensionable Service at that date,

then the portion of such Member's annual pension in respect of all of the Member's Pensionable Service prior to such date shall be the amount referred to in subclause (A).

8.09 Application of Pension Limit – TCRC-MWED, CPPA, TC/USWA and IBEW Future Service

Notwithstanding subparagraphs 8.01(b),(c) and (d), for a Member represented by the TCRC-MWED, CPPA, TC/USWA or the IBEW, the portion of the Member's annual pension calculated at the Member's Date of Cessation of Membership in respect of periods of Pensionable Service in Canada on or after the later of:

(a) January 1, 2013, and

(b) the earliest date at which the Member became represented by the TCRC-MWED, CPPA, TC/USWA or the IBEW,

shall not exceed the product of (i) and (ii), where:

(i) is the Member's Pensionable Service in such periods, and

(ii) is the Pension Limit."

Exhibit 10.27

AMENDMENT NUMBER 9

TO THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN

CONSOLIDATED AS AT JANUARY 1, 2009

AMENDMENTS FOR RCTC, TCRC-RTE, AND MANAGEMENT EMPLOYEES EFFECTIVE JANUARY 1, 2013

Effective January 1, 2013,

1. Delete paragraph 2.40.1 and replace it with the following:

"**2.40.1 Pension Limit**

"Pension Limit" for a year of Pensionable Service means

(a) in respect of a Member whose last date of hire with the Company is prior to January 1, 2013:

(i) who is represented by the TCRC-RTE or the RCTC, $2,200;or

(ii) all other Members, $1,975; and

(b) in respect of a Member whose last date of hire with the Company is on or after January 1, 2013, $1,715.

2. In the table in subparagraph 5.01(a), replace, in reference to the Period of Pensionable Service with the TCRC-RTE, the percentage 7.19%, with 6.69%, and the percentage 7.48% with 6.98%.

3. Delete subparagraph 5.01(e)(i) and replace it with the following:

"(i) For the purposes of subparagraphs 5.01(a), 5.01(c), and 5.01(d), as such subparagraphs refer to a period of Union Service, "Earnings" are limited to the product of fifty (50) and the Pension Limit; provided that, for Members represented by the CAW-TCA "Earnings" are limited to the product of fifty (50) and the Defined Benefit Limit for the year in which the contribution is to be made."

4. Delete paragraphs 8.08 and 8.09 and replace those paragraphs with the following:

"**8.08 Application of Pension Limit – TCRC-MWED, CPPA, TC/USWA, IBEW, TCRC-RTE, RCTC, and Management Past Service**

(a) Notwithstanding paragraph 1A.01 and subparagraphs 8.01(b), 8.01(c), and 8.01(d), but subject to subparagraph 8.08(c), for any Member represented by the:

(i) TCRC-MWED on January 25, 2013,

(ii) CPPA on December 7, 2012,

(iii) TC/USWA on November 8, 2012,

(iv) IBEW on December 18, 2012,

(v) TCRC-RTE on January 1, 2013,

(vi) RCTC on January 1, 2013, or

is a Management Employee on January 1, 2013, the portion of such Member's annual pension in respect of all of the Member's Pensionable Service prior to January 1, 2013, calculated at the Member's Date of Cessation of Membership, shall not exceed the product of the Member's Pensionable Service for such period and the Pension Limit.

(b) For any Member who, at

(i) January 25, 2013, is not then represented by the TCRC-MWED,

(ii) December 7, 2012, is not then represented by the CPPA,

(iii) November 8, 2012, is not then represented by the TC/USWA,

(iv) December 18, 2012, is not then represented by the IBEW,

(v) January 1, 2013, is not then represented by the TCRC- RTE,

(vi) January 1, 2013, is not then represented by the RCTC, and

(vii) January 1, 2013, is not then a Management Employee,

but who thereafter becomes:

(i) represented by the TC/USWA, TCRC-MWED, CPPA, IBEW, TCRC-RTE, or the RCTC; or

(ii) a Management Employee,

the provisions of subparagraph (a) will apply to such Member in respect of all of the Member's Pensionable Service prior to the later of (1) the earliest date at which the Member becomes a Management Employee or represented by the TC/USWA, TCRC-MWED, CPPA, IBEW, TCRC-RTE, or the RCTC, and (2) January 1, 2013.

(c) Notwithstanding subparagraphs (a) and (b), if,

(i) at January 1, 2013, for a Member described in subparagraph (a), or

(ii) at the later of (1) the earliest date at which the Member becomes a Management Employee or represented by the TC/USWA, TCRC-MWED, CPPA, IBEW, TCRC-RTE, or the RCTC, or (2) January 1, 2013, for a Member described in subparagraph (b),

such Member's

(A) Pension Accrued for all Pensionable Service prior to such date, calculated using such date as the Member's Date of Cessation of Membership and using the Member's Highest Plan Earnings and the Average Year's Maximum Pensionable Earnings at that date, but subject to application of paragraph 8.06 and paragraph 8.07 to the amount so calculated,

exceeds

(B) the product of the Pension Limit and the Member's Pensionable Service at that date,

then the portion of such Member's annual pension in respect of all of the Member's Pensionable Service prior to such date shall be the amount referred to in subclause (A).

8.09 Application of Pension Limit – TCRC-MWED, CPPA, TC/USWA, IBEW, TCRC-RTE, RCTC, and Management Future Service

Notwithstanding subparagraphs 8.01(b), (c) and (d), for a Member who is a Management Employee or who is represented by the TCRC-MWED, CPPA, TC/USWA, IBEW, TCRC-RTE, or the RCTC, the portion of the Member's annual pension calculated at the Member's Date of Cessation of Membership in respect of periods of Pensionable Service in Canada on or after the later of:

(a) January 1, 2013, and

(b) the earliest date at which the Member became or Management Employee or represented by the TCRC-MWED, CPPA, TC/USWA, IBEW, TCRC-RTE, or the RCTC,

shall not exceed the product of (i) and (ii), where:

(i) is the Member's Pensionable Service in such periods, and

(ii) is the Pension Limit."

5. Delete paragraph 9.06 and replace it with the following:

"9.06 Transfer Option

With effect from January 1, 2001, a Member who is a Management Employee on his Retirement Date, who is entitled to a pension in accordance with 9.01, 9.02 or 9.04 and who retires before December 31, 2013 may elect to transfer the Actuarial Equivalent lump sum value of the pension to which he is entitled hereunder to a Locked-in-Retirement Fund.

6. Add the words "prior to January 1, 2014," immediately following the words "a Member who was a Management Employee ceases to be a Member" in subparagraph 13.01(a).

Exhibit 10.28

AMENDMENT NUMBER 10

TO THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN

CONSOLIDATED AS AT JANUARY 1, 2009

AMENDMENTS FOR CPPA, IBEW, RCTC, TCRC-MWED, TCRC-RTE, TC/USWA, AND MANAGEMENT EMPLOYEES EFFECTIVE JANUARY 1, 2013

Effective January 1, 2013,

1. Revise Amendment Number 9 as follows:

    a. Amend paragraph 2.40.1 by replacing all instances of “January 1, 2013” with “June 1, 2013”.

    b. Amend paragraph 8.08(a) by replacing “all of the Member’s Pensionable Service prior to January 1, 2013” with “all of the Member’s Pensionable Service prior to June 1, 2013”.

    c. Amend paragraph 8.08(b) by replacing “and (2) January 1, 2013” with “and (2) June 1, 2013”.

    d. Amend subparagraph 8.09(a) by replacing “January 1, 2013” with “June 1, 2013”.

2. Add new paragraph 2.29.1, as follows, and replace all occurrences of “last date of hire” in the Plan with “Last Date of Hire”:

    “**2.29.1 Last Date of Hire**

    “Last Date of Hire” of an Employee means the latest date on which the Employee was hired by the Company or, if applicable, was re-hired by the Company following a separation of service.”

3. Amend subparagraph 2.27(c) by replacing all instances of “January 1, 2013” with “June 1, 2013”.

4. Amend paragraphs 5.01(a.1) and 5.01(a.2) by replacing all instances of “January 1, 2013” with “June 1, 2013”.

5. Amend subparagraph 8.01(d) by replacing “January 1, 2013” with “June 1, 2013”.

Exhibit 10.29

AMENDMENT NUMBER 11

TO THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN

CONSOLIDATED AS AT JANUARY 1, 2009

HOUSE KEEPING AMENDMENTS

Effective January 1, 2013,

1. Delete paragraph 2.50 and replace it with the following:

   2.50 **Middle Manager/Executive**

   "Middle Manager/Executive" means an Employee who holds a permanent position in an eligible salary classification as determined by the Board.

2. After 4.03(b)(vi) add clause 4.03(b)(vii)

   4.03 (b) (vii) A Management Employee who is a DB Member on May 31,2013 may, prior to June 1, 2013, elect to become a DC2 Member effective June 7, 2013.

3. Delete the first sentence of 5.01(a) and replace it with the following:

   5.01 (a) Every Member who is a Canadian Employee shall, in respect of each period of Pensionable Service after January 1, 2013, contribute to the Fund in accordance with the percentages set out in the table below:

4. Delete 5.01(f) and replace it with the following:

5.01 (f) For the purposes of subparagraph 5.01(b), "Earnings" shall be modified, with respect to contributions required to be made at any time after July 31, 1991, to be:

(i) In respect of contributions required to be made on or after January 1, 2002 and prior to January 1, 2013, that portion of the Member's Earnings in excess of the Taxable Wage Base that does not exceed on an annual basis an amount equal to the product of fifty (50) and the Defined Benefit Limit for the year in which the contribution is to be made;

(ii) In respect of contributions required to be made at any time on or after January 1, 2013, to be the portion of the Member's Earnings in excess of the Taxable Wage Base that does not exceed, on an annual basis, an amount equal to the product of fifty (50) and the Pension Limit for the year in which the contribution is to be made; and

(iii) In all other cases: the portion of the Member's Earnings in excess of the Taxable Wage Base, that does not exceed on an annual basis an amount equal to the product of fifty (50) and the Defined Benefit Limit for the year in which the contribution is to be made, converted into American currency.

5. Delete the first paragraph of subparagraph 9.02(a) and replace it with the following:

9.02 (a) Subject to subparagraphs (c) and (c.1) and clause 7.01(a)(iv), where a Member retires with the Company's consent at an Early Retirement Date and has at least twenty-five (25) years of Pensionable Service, the sum of the Member's age and Pensionable Service is at least eighty-five (85) years and the Member has attained the age of fifty-five (55) years, the Member is entitled to a pension equal in amount to

6. After subparagraph 9.02(c), add the following subparagraph 9.02(c.1)

9.02 (c.1) For periods of Management Service, where a Member retires on or after December 31, 2022, the requirement in subparagraph (a) that the Member has attained age fifty-five (55) years is replaced with the requirement that the Member has attained age fifty-seven (57).

Effective June 1, 2013,

7. Delete the first sentence of 5.01(e)(ii) and replace it with the following:

5.01 (e) (ii) For the purposes of subparagraph 5.01(a), as such subparagraph refers to a period of Management Service, "Base Earnings" are limited to the product of fifty (50) and the Pension Limit for the year in which the contribution is to be made.

8. Delete the two instances of "January 1, 2013" in subparagraph 8.08(c) and replace them with "June 1, 2013".

9. Delete all references to "CAW-TCA" and replace them with "Unifor".

Exhibit 10.30

AMENDMENT NUMBER 12

TO THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN

CONSOLIDATED AS AT JANUARY 1, 2009

AMENDMENTS EFFECTIVE JANUARY 1, 2015

Effective January 1, 2015,

1. Delete paragraph 2.40.1 and replace it with the following:

"**2.40.1 Pension Limit**

"Pension Limit" for a year of Pensionable Service means

(a) in respect a Member whose Last Date of Hire with the Company is prior to June 1, 2013:

(i) while represented by the TCRC-RTE or the RCTC, $2,200; or

(ii) while represented by Unifor, $2,050; or

(iii) while a Management Employee or while represented by CPPA, IBEW, TCRC-MWED or USWA, $1,975.

(b) in respect of a Member whose Last Date of Hire with the Company is on or after June 1, 2013 and prior to May 1, 2015:

(i) while represented by Unifor, $2,050; or

(ii) while represented by a Union other than Unifor, $1,715; or

(iii) while a Management Employee, $1,715; and

(c) in respect of a Member whose Last Date of Hire with the Company is on or after May 1, 2015, $1,715.

2. Delete subparagraph 5.01(a.2) and replace it with the following:

"(a.2) Where a Member's Last Date of Hire with the Company is on or after June 1, 2013 and before May 1, 2015, the Member shall, in respect of periods of Unifor Service, contribute to the Fund in accordance with 5.01(a)."

3. Delete subparagraph 5.01(e) and replace it with the following:

"(e) (i) For the purposes of subparagraphs 5.01(a), 5.01(c), and 5.01(d), as such subparagraphs refer to a period of Union Service prior to January 1, 2013 or to a period of Unifor Service prior to January 1, 2015, "Earnings" are limited to the product of fifty (50) and the Defined Benefit Limit for the year in which the contribution is to be made.

(ii) For the purposes of subparagraph 5.01(a), as such subparagraph refers to a period of Management Service prior to January 1, 2013, "Base Earnings" are limited to the product of fifty (50) and the Defined Benefit Limit for the year in which the contribution is to be made.

(iii) For the purposes of subparagraphs 5.01(a), 5.01(c), and 5.01(d), as such subparagraphs refer to a period of Union Service other than Unifor Service on or after January 1, 2013 or to a period of Unifor Service on or after January 1, 2015, "Earnings" are limited to the product of fifty (50) and the Pension Limit for the year in which the contribution is to be made.

(iv) For the purposes of subparagraph 5.01(a), as such subparagraph refers to a period of Management Service on or after January 1, 2013, "Base Earnings" are limited to the product of fifty (50) and the Pension Limit for the year in which the contribution is to be made."

4. Delete subparagraph 8.01(d) and replace it with the following:

"(d) (i) Notwithstanding subparagraph 8.01(b), if a Member's Last Date of Hire with the Company is on or after June 1, 2013, then the percentage 1.8% in the table in subparagraph 8.01(b) in respect of Union Service that is not Unifor Service is replaced with 1.7%.

(ii) Notwithstanding subparagraph 8.01(b), if a Member's Last Date of Hire with the Company is on or after May 1, 2015, then the percentage 1.8% in the table in subparagraph 8.01(b) in respect of Unifor Service is replaced with 1.7%."

5. Delete paragraphs 8.08 and 8.09 and replace those paragraphs with the following:

"**8.08 Application of Pension Limit – Past Service**

Notwithstanding subparagraphs 8.01(b), 8.01(c), and 8.01(d):

(a) For any Member who, on June 1, 2013, is represented by the TC/USWA, TCRC-MWED, CPPA, IBEW, TCRC-RTE or the RCTC, or is a Management Employee, the portion of such Member's annual pension in respect of all of the Member's Pensionable Service prior to June 1, 2013, calculated at the Member's Date of Cessation of Membership, shall not exceed the product of the Member's Pensionable Service for such period and the Pension Limit applicable to the Member on June 1, 2013.

(b) For any Member who, at June 1, 2013, is represented by Unifor and who, at a subsequent date (referred to as the "transfer date" in this subparagraph 8.08(b) and in subparagraph 8.08(d) and paragraph 8.09) that is prior to May 1, 2015, becomes represented by the TC/USWA, TCRC-MWED, CPPA, IBEW, TCRC-RTE or the RCTC, or becomes a Management Employee, the portion of such Member's annual pension in respect of all of the Member's Pensionable Service prior to the transfer date, calculated at the Member's Date of Cessation of Membership, shall not exceed the product of the Member's Pensionable Service for such period and the Pension Limit applicable to the Member on the transfer date.

(c) For any Member who, at June 1, 2013, is represented by Unifor and who continues to be represented by Unifor throughout the period ending May 1, 2015, the portion of such Member's annual pension in respect of all of the Member's Pensionable Service prior to May 1, 2015, calculated at the Member's Date of Cessation of Membership, shall not exceed the product of the Member's Pensionable Service for such period and the Pension Limit applicable to the Member on May 1, 2015.

(d) Notwithstanding subparagraphs (a) through (c), if,

(i) at June 1, 2013, for a Member described in subparagraph (a), or

(ii) at the transfer date, for a Member described in subparagraph (b), or

(iii) at May 1, 2015, for a Member described in subparagraph (c),

such Member's

(A) Pension Accrued for all Pensionable Service prior to such date, calculated using such date as the Member's Date of Cessation of Membership and using the Member's Highest Plan Earnings and the Average Year's Maximum Pensionable Earnings at that date, but subject to application of paragraph 8.06 and paragraph 8.07 to the amount so calculated,

exceeds

(B) the product of the applicable Pension Limit and the Member's Pensionable Service at that date,

then the portion of such Member's annual pension in respect of all of the Member's Pensionable Service prior to such date shall be the amount referred to in clause (A).

8.09 Application of Pension Limit – Future Service

Notwithstanding subparagraphs 8.01(b), (c) and (d), the portion of the Member's annual pension calculated at the Member's Date of Cessation of Membership in respect of periods of Pensionable Service in Canada on or after:

(a) June 1, 2013, for a Member described in subparagraph 8.08(a), or

(b) the transfer date (as defined in subparagraph 8.08(b)), for a Member described in subparagraph 8.08(b), or

(c) May 1, 2015, for a Member described in subparagraph 8.08(c),

shall not exceed the product of (A) and (B), where:

(A) is the Member's Pensionable Service in such periods, and

(B) is the applicable Pension Limit."

Exhibit 10.31

AMENDMENT NUMBER 13

TO THE CANADIAN PACIFIC RAILWAY COMPANY PENSION PLAN

CONSOLIDATED AS AT JANUARY 1, 2009

AMENDMENTS EFFECTIVE JANUARY 1, 2015

Effective January 1, 2015,

1. Add new paragraph 12.12 after paragraph 12.11:

"**12.12 Short Life Expectancy**

Where a Member has been diagnosed to be terminally ill with a life expectancy of one year or less and the Company's Chief Medical Officer or his designate provides to the Company a written report that he concurs with the life expectancy of one year or less, then notwithstanding paragraph 4.07, Article 7, paragraph 9.06, Article 11 and paragraph 13.01, the following provisions apply:

(a) If the Member has reached the Normal Retirement Date or has accrued ten (10) or more years of Pensionable Service, the Member may elect to retire effective the last day of any month following the date the Company's Chief Medical Officer provides his report, the effective date of the Member's election to retire shall be the Member's Retirement Date under the Plan, and the Member shall receive a pension equal in amount to:

(i) if the Member has no Spouse at the Retirement Date, the pension calculated in accordance with Article 8,

(ii) if the Member has a Spouse at the Retirement Date and the Spouse has elected in prescribed form to receive the benefit described in clause 12.07(a)(i), and adjusted if applicable in accordance with paragraph 12.09, the pension calculated in accordance with Article 8,

(iii) if the Member has a Spouse at the Retirement Date and the Spouse has not elected in the manner referred to in clause 12.07(a)(i), the Actuarial Equivalent of the pension calculated in accordance with clause (ii), payable in accordance with clause 12.07(a)(ii) or, if the Member elects an optional form of payment, in accordance with paragraph 10.04 or 10.05 as applicable.

(b) In lieu of the pension provided in subparagraph (a), the Member may elect a transfer in accordance with Article 13 equal to the Actuarial Equivalent lump sum value of such pension, subject to the condition that if the Member has a Spouse, the Spouse must elect in prescribed form to waive his/her right to any benefit from the Plan. The Actuarial Equivalent lump sum value shall be calculated taking into account the actual marital status of the Member and paragraphs 12.07, 12.08, 12.09 and 12.11 but not taking into account the Member's life expectancy being one year or less.

(c) If the Member has not reached the Normal Retirement Date and has not accrued ten (10) or more years of Pensionable Service, the Member may elect to cease membership in the plan on any date following the date the Company's Chief Medical Officer provides his report, the effective date of the Member's election shall be the Member's Date of Cessation of Membership under the Plan regardless of whether the Member has ceased to be an Employee, and the Member shall be entitled to a transfer in accordance with Article 13 equal to the Actuarial Equivalent lump sum value of the Member's Pension Accrued and payable commencing at the Member's Normal Retirement Date, subject to the condition that if the Member has a Spouse, the Spouse must elect in prescribed form to waive his/her right to any benefit from the Plan.

In all cases, an Actuarial Equivalent lump sum value calculated in this paragraph 12.12 shall not be less than the value of any benefits that the Member would be eligible to receive under Article 9 or Article 11 at his Retirement Date or Date of Cessation of Membership."

Exhibit 10.32

Pension Plan

Rules

Effective as at June 1, 2013

Canadian Pacific Railway Company Secondary Pension Plan

/s/ PETER EDWARDS
Peter Edwards
Vice President,
Human Resources and Labour Relations

Canadian Pacific Railway Company
Secondary Pension Plan

INDEX

Article 1 – Preamble

1.01 The Rules

This document constitutes the rules governing the Canadian Pacific Railway Company Secondary Pension Plan (the "Plan").

1.02 Governing Law

This Plan, and all rights and obligations hereunder, shall be construed, governed and administered in accordance with the laws of Canada, except for those rights and obligations that are solely within the jurisdiction of a province or other competent authority.

1.03 Creation of Plan

The Company hereby establishes the Plan, effective June 1, 2013.

Article 2 – Definitions

Definitions

In this Plan, unless the context otherwise requires:

2.01 Act

"Act" means the *Pension Benefits Standards Act, 1985*, as amended from time to time.

2.02 Actuarially Equivalent

"Actuarially Equivalent" means of equivalent value to any pension, computed on the basis of interest, mortality and other contingencies and tables adopted by the Company for such purposes on the advice of the Actuary and in effect on the date such computation is being made, and "Actuarial Equivalent" has the corresponding meaning. Notwithstanding the foregoing, the Company may adopt a basis that eases administration of the Plan, including the use of unisex factors, provided that such basis is not precluded by the Act, the Regulations or the Revenue Rules.

2.03 Actuary

"Actuary" means an individual who is retained by the Company to provide such actuarial advice and services as may be required from time to time for the purposes of the Plan and who is a Fellow of the Canadian Institute of Actuaries.

2.04 Average Year's Maximum Pensionable Earnings

"Average Year's Maximum Pensionable Earnings" means the average of the Year's Maximum Pensionable Earnings throughout the period used in computing a Member's Highest Plan Earnings.

2.05 Averaged Incentive Compensation

"Averaged Incentive Compensation" means, subject to Section 5.01(d), an amount calculated as the product of the amount described in Section 2.22(a) of the definition of Highest Plan Earnings in respect of the Member multiplied by the lesser of "A" and "B", where A and B are determined as at the AIC Date, where "AIC Date" means the earlier of the Member's Date of Cessation of Membership and the date on which the Member commences a pre-retirement leave of absence, and where:

"A" is calculated as follows:

(a) for each of the ten (10) calendar years preceding the year of the AIC Date, determine what percentage of the Member's Base Earnings for that year are incentive plan payment(s) paid by the Company during that same year; then

(b) average the five (5) highest percentages obtained under Section (a).

The determination of whether any particular payment by the Company to a Member comprises an incentive plan payment shall be determined by the Company in its sole discretion.

"B" equals the average of the Member's level of target award under the Performance Incentive Plan in effect on each December 31 over the five year period ending on the AIC Date, expressed as a percentage of salary.

For the purposes of calculating B above, the Member's level of target award under the Performance Incentive Plan at a December 31 that is prior to 2011 shall be deemed to equal the Member's level of target award under the Performance Incentive Plan at December 31, 2010, and furthermore, the Member's level of target award under the Performance Incentive Plan at December 31, 2010 shall be the Member's level of target award in effect immediately prior to the introduction of the revised level of target awards approved by the Board in February 2011.

2.06 Base Earnings

"Base Earnings" means, subject to Section 5.01(d):

(a) for an Employee electing to participate in the sales incentive compensation program sponsored prior to December 31, 2013 by the Company, the lesser of:

  (i) the Member's Earnings if he had elected to participate in the Performance Incentive Plan instead of the sales incentive compensation program, and

  (ii) the salary or wages, including overtime and Deemed Earnings, and incentive pay paid to a Member by the Company; or

(b) for all other Employees, the Member's Earnings.

For the purposes of (a)(ii) and (b) above, in respect of Members whose salary or wages are paid in a currency other than Canadian currency, such salary or wages, including overtime and Deemed Earnings, and incentive pay, if applicable, shall be converted to Canadian currency based on the average exchange rate for the calendar year the salary or wages were paid.

2.07 Beneficiary

"Beneficiary" means, in the absence of a Spouse, the person designated by the Member or Former Member in writing to the Company to receive an amount pursuant to Article 12 or, where no person has been so designated or where the Member or Former Member is not survived by the person designated, the estate of the Member or Former Member.

2.08 Board

"Board" means the board of directors of Canadian Pacific Railway Company.

2.09 Canadian Average Industrial Wage

"Canadian Average Industrial Wage" means the "average wage" as that term is defined in the Revenue Rules.

2.10 Combined Eligibility Service

"Combined Eligibility Service" means the aggregate of all non-overlapping periods of Service since the latest date on which the Employee was hired by the Company or, if applicable, was re-hired by the Company following a separation from service, and
during which the Member was:

(a) a member of any Company-sponsored pension plan; and

(b) actively accruing pension benefits in such a plan.

2.11 Company

"Company" means Canadian Pacific Railway Company.

2.12 Consumer Price Index

"Consumer Price Index" means with respect to any pension payable in Canadian currency, the Consumer Price Index for Canada, as published by Statistics Canada under the authority of the *Statistics Act*, or, if for any reason that index is discontinued, becomes unavailable or is amended so as no longer to be, in the opinion of the Company, appropriate for the purposes of the Plan, such index as shall be approved by the Company.

2.13 Date of Cessation of Membership

"Date of Cessation of Membership" means the date determined in accordance with Section 4.02.

2.14 Deemed Earnings

"Deemed Earnings" means

(a) in respect of any Employee who ceases membership in the Plan with less than sixty (60) months of Pensionable Service, for any calendar month or part thereof before the Employee became a Member, the basic rate of pay on a monthly basis for the position held by the Employee when the Employee became a Member multiplied by the Canadian Average Industrial Wage for the month in question and divided by the Canadian Average Industrial Wage for the month in which the Employee became a Member;

(b) for any period when a Member is temporarily absent on account of illness or injury, or when a Member is on leave due to child care responsibilities, including maternity leave, granted by the Company pursuant to the Canada Labour Code, or when a Member is on compassionate care leave, granted by the Company pursuant to the Canada Labour Code, the salary or wages the Member would have received during that period if not absent or on leave, as the case may be;

(c) for any period of lay-off described in Section 6.01(e)(i), the basic salary or wages of the Member at the commencement of that period; and

(d) for any period when a Member is absent on leave for a purpose set out in Section 6.02 or Section 6.03, the Base Earnings the Member would have received during that period if not on leave. Base Earnings will be indexed annually in accordance with increases in the Canadian Average Industrial Wage.

2.15 Defined Benefit Limit

"Defined Benefit Limit" has the same meaning as in the Revenue Rules.

2.16 Early Retirement Date

"Early Retirement Date" means a date determined in accordance with Section 7.02.

2.17 Earnings

(a) "Earnings" means the salary or wages paid to a Member by the Company, and includes overtime and Deemed Earnings. For required Revenue Rules pension adjustment reporting purposes only, earnings shall be annualized on a basis adopted by the Company for such purpose.

(b) Notwithstanding the foregoing, in respect of Members whose salary or wages are paid in a currency other than Canadian currency, Earnings means the salary or wages paid to a Member by the Company, including overtime and Deemed Earnings, converted into Canadian currency based on the average exchange rate for the calendar year the salary or wages were paid.

2.18 Employee

"Employee" means a person who is employed by the Company.

2.19 Excess Earnings

"Excess Earnings" in a calendar year means the excess, if any, of (a) over (b), where

(a) is the lesser of the Member's Base Earnings in the year, and the product of fifty (50) and the Pension Limit for the year, and

(b) is the product of fifty (50) and $1,975.00.

2.20 Former Member

"Former Member" means a person who has ceased membership in the Plan in accordance with Section 4.02.

2.21 The Fund

"Fund" means the fund established for the purposes of the Plan in accordance with a pension trust agreement between the Company and the Trustee.

2.22 Highest Plan Earnings

"Highest Plan Earnings" means:

(a) subject to (b) and (c), the greater of (i) and (ii) where:

(i) means (A) or (B), as applicable, where:

(A) applies to a Member engaged to work on a full-time basis, and is equal to the average monthly Base Earnings of the Member during the sixty (60) months ending with the month in which the Date of Cessation of Membership occurs, and

(B) applies to a Member engaged to work on a part-time basis, and is equal to the sum of the Base Earnings of the Member during the one thousand two hundred and sixty (1,260) days of Service ending with the day on which the Date of Cessation of Membership occurs divided by sixty (60); and

(ii) is the average monthly Base Earnings of the Member during the highest-paid five (5) consecutive calendar years of the Member's Service while a Member.

(b) For periods of Pensionable Service on and after January 1, 2001, Highest Plan Earnings shall be modified to include Averaged Incentive Compensation.

(c) For a Member who was a Middle Manager/Executive on or after January 1, 2008 and who had become a Middle Manager/Executive prior to October 1, 2008, Highest Plan Earnings shall be modified in respect of periods of Pensionable Service prior to January 1, 2001 to include Averaged Incentive Compensation.

Notwithstanding the foregoing, the Highest Plan Earnings of a Member who:

(d) becomes employed in a position covered by a collective agreement with a Union; or

(e) ceases to be classified by the Company in a salary grade to which section 2.36 in the definition of "Pension Limit" applies, but remains employed by the Company,

shall not be less than their Highest Plan Earnings determined as if the Member had ceased to be a Member immediately before the event in section (c) or section (d) above.

2.23 Interest

"Interest" means:

(a) for Members who have not yet terminated employment, retired or died on December 31st of any calendar year, the rate of investment return earned by the Fund, net of expenses paid from the Fund, for the calendar year as determined by the Company, subject to a minimum of zero percent (0%); or

(b) for Members who terminate employment, retire, or die within a calendar year, the rate of investment return earned by the Fund, net of expenses paid from the Fund, for the preceding calendar year as determined by the Company, subject to a minimum of zero percent (0%).

2.24 Last Date of Hire

"Last Date of Hire" of an Employee means the latest date on which the Employee was hired by the Company or, if applicable, was re-hired by the Company following a separation of service.

2.25 Late Retirement Date

"Late Retirement Date" means a date determined in accordance with Section 7.03(b).

2.26 Lifetime Pension

"Lifetime Pension" means the pension determined in accordance with the provisions of Article 8.

2.27 Maximum Deemed Service

"Maximum Deemed Service" means, on a cumulative basis, sixty (60) months excluding Parental Leave and ninety-six (96) months including Parental Leave.

For the sole purpose of calculating Maximum Deemed Service, where a Member receives any remuneration during a period described in Sections 6.01(e)(i) to (iv), Section 6.02(b), or Section 6.03, the duration of the period, expressed in months, shall be deemed to be equal to the product of (a) and (b), where:

(a) is:

(i) if the Member's actual remuneration is less than the remuneration the Member would have received if the Member had rendered service to the Company on a regular basis throughout that period, the difference between one (1) and the ratio of the remuneration actually received by the Member during that period to the remuneration the Member would have received if the Member had rendered service to the Company on a regular basis throughout that period, or

(ii) if the Member's actual remuneration is equal to or greater than the remuneration the Member would have received if the Member had rendered service to the Company on a regular basis throughout that period, zero (0); and

(b) the actual duration of the period, expressed in months;

2.28 Member

"Member" means an Employee who has become a member of the Plan and who has not ceased membership in the Plan.

2.29 Middle Manager/Executive

"Middle Manager/Executive" means an Employee who holds a permanent position that is classified by the Company, under any of the Company's salary plans, as being a Middle Manager or Executive position.

2.30 Normal Retirement Date

"Normal Retirement Date" means a date specified in Section 7.01(a);

2.31 Parental Leave

"Parental Leave" means a period of leave described in Section 6.01(e)(ii) which is also all or part of a twelve (12)-month period that commences at

(a) the date of birth of a child of whom the Member is a natural parent, or

(b) the date the Member adopts a child.

2.32 Past Pensionable Service Offset

"Past Pensionable Service Offset" has the meaning set out in Section 8.01(c).

2.33 Fixed Limit Service

"Fixed Limit Service" means the Service by a Member while they are classified by the Company in a salary grade to which section 2.36(a) in the definition of "Pension Limit" applies and, for greater clarity, excludes any period of Union Service.

2.34 Statutory Limit Service

"Statutory Limit Service" means Service by a Member while they are classified by the Company in a salary grade to which section 2.36(b) in the definition of "Pension Limit" applies and, for greater clarity, excludes any period of Union Service

2.35 Pension Accrued

"Pension Accrued" means

(a) the Lifetime Pension, to which a Former Member is entitled or to which a Member would be entitled upon cessation of membership on that date, and

(b) with respect to any period, the excess of the Pension Accrued as at the end of such period over the Pension Accrued at the commencement of that period where both are calculated on the basis of the Member's or Former Member's Highest Plan Earnings as at the end of such period;

2.36 Pension Limit

"Pension Limit" in respect of a calendar year means

(a) in respect of a Member accruing Fixed Limit Service, $2,200; and

(b) in respect of a Member accruing Statutory Limit Service, the Defined Benefit Limit for that calendar year.

2.37 Pensionable Service

"Pensionable Service" means any Service, expressed in years and fractions thereof, included as pensionable service in accordance with Article 6.

"Future Pensionable Service" is Pensionable Service on or after June 1, 2013.

"Past Pensionable Service" is Pensionable Service prior to June 1, 2013.

2.38 Pensioner

"Pensioner" means a person who, having been a Member or Former Member, has become entitled to the payment of a pension under this Plan.

2.39 Performance Incentive Plan

"Performance Incentive Plan" means the Canadian Pacific Railway Company Performance Incentive Plan, as amended from time to time, and the terms and conditions thereunder, or such other successor incentive plan as may be designated by the Company.

2.40 Plan

"Plan" means this Canadian Pacific Railway Company Secondary Pension Plan.

2.41 Post-Retirement Spouse

"Post-Retirement Spouse" means, subject to the requirements for registration under the Act and Revenue Rules,

(a) if there is no person described in Section (b), a person who was married to the Pensioner for at least one (1) year immediately prior to the date of the death of the Pensioner, or

(b) a person who was publicly represented by the Pensioner as a spouse of the Pensioner and cohabited with the Pensioner in a conjugal relationship immediately prior to the date of death of the Pensioner for at least one (1) year, if the Pensioner and that person were free to marry, or at least three (3) years, if either of them was not free to marry the other.

2.42 Regulations

"Regulations" means the *Pension Benefits Standards Regulations, 1985*, as amended from time to time.

2.43 Retirement Date

"Retirement Date" means a Normal Retirement Date, Early Retirement Date, or Late Retirement Date, as the case may be.

2.44 Revenue Rules

"Revenue Rules" means the provisions of the *Income Tax Act* (Canada), and any relevant regulations thereto, as they may be amended from time to time, pertaining to pension plans or funds registered under the *Income Tax Act* (Canada) as they are applicable to the Plan.

2.45 Service

"Service" when used with reference to any person, refers to employment of that person by the Company since that person's Last Date of Hire.

2.46 Spouse

"Spouse" means, subject to the requirements for registration under the Act and Revenue Rules,

(a) in relation to a Member, Former Member or Pensioner, if there is no person described in Section (b), a person who is married to the Member, Former Member or Pensioner or who is a party to a void marriage with the Member, Former Member or Pensioner, or

(b) a person who is cohabiting with the Member, Former Member or Pensioner in a conjugal relationship at the relevant time, having so cohabited with the Member, Former Member or Pensioner for at least one (1) year.

2.47 Superintendent

"Superintendent" means the Superintendent of Financial Institutions referred to in the Act.

2.48 Trustee

"Trustee" means a corporate or other trustee, and its successors and assigns, designated as such in a pension trust agreement made with the Company to administer the Fund in accordance with and subject to this Plan;

2.49 Union

"Union" means an association or organization that is entitled to represent Employees for the purpose of collective bargaining.

2.50 Union Service

"Union Service" means Service during which time an Employee is represented by a Union.

2.51 Year's Maximum Pensionable Earnings

"Year's Maximum Pensionable Earnings" has the same meaning as in the Canada Pension Plan.

Article 3 – Intentionally Left Blank

Article 4 – Membership

4.01 Eligibility

A person who is:

(a) an Employee, or is employed by another employer that participates in the Plan, who

(i) is employed in a position not covered by a collective agreement with a Union;

(ii) is not a unionized employee temporarily assuming a position not covered by a collective agreement with a Union;

(iii) is not accruing on a defined contribution basis under any other plan sponsored by the Company; and

(iv) whose Last Date of Hire is on or before May 31, 2013; or

(b) an Employee who has Service that would qualify as Past Pensionable Service under the Plan; or

(c) covered by this Plan by virtue of an agreement between the Company and another employer relating to the protection and administration of pension benefits of that person or of a group of persons of which that person is a member;

shall be a Member of the Plan unless the Employee objects thereto because of religious beliefs.

4.02 Cessation of Membership

Membership in the Plan ceases on the earliest of

(a) the Retirement Date of the Member,

(b) the date the Member ceases to be an Employee, or

(c) the date of termination of the Plan.

Notwithstanding anything in this Section, a Member who is transferred between employers as listed under 'Company' shall be deemed not to have ceased Membership in the Plan upon such transfer and shall continue to accrue benefits under this Plan.

4.03 Re-employed Pensioner

Notwithstanding anything in this Article, no person who has commenced a pension under the Plan may become a Member.

4.04 Suspension of Membership

(a) If a Member ceases to accrue Pensionable Service, but remains an Employee, that Member's participation in the Plan shall be suspended.

(b) If a Member whose membership was suspended pursuant to Section 4.04(a) recommences accruing Pensionable Service, that Member shall recommence participation in the Plan.

(c) For greater certainty, suspension of a Member's membership in this Plan pursuant to Section 4.04(a) does not, in itself, constitute a cessation of membership and does not entitle the Member to receive termination benefits from this Plan prior to cessation of membership pursuant to Section 4.02.

Article 5 – Contributions

5.01 Employees

(a) Subject to Sections 5.01(b) and (c), every Member shall, while accruing Plan Service, contribute 7% of their Excess Earnings to the Fund.

(b) No Member contributions are required in respect of any period referred to in Section 6.02.

(c) Notwithstanding Section 5.01(a), the contributions required in respect of a period referred to in Section 6.03 are, subject to the limit on contributions prescribed as a condition for registration of the Plan in the Revenue Rules, twice the amount determined in accordance with Section 5.01(a).

(d) In the event a Member becomes totally disabled as certified by a qualified medical doctor licensed to practice in Canada, he shall cease to be required to contribute to the Plan for the period of time during which he is in receipt of benefits from the Company's long-term disability plan. The period of time during which such Member is accruing benefits in accordance with this clause shall be excluded in determining Averaged Incentive Compensation under Section 2.05. For greater clarity, the cessation of the requirement to contribute to the Plan shall apply only to an Employee who was a Member prior to becoming disabled.

5.02 Payment of Contributions

(a) A Member shall commence making contributions upon the commencement of their Pensionable Service.

(b) Unless otherwise provided in this Plan, a Member shall make contributions for each calendar month of Pensionable.

(c) A Member shall not be required to make contributions in respect of a period of Service that is not credited as Pensionable Service because of the effect of the Maximum Deemed Service provisions contained in Section 6.05, or because of the effect of the Maximum Pensionable Service provisions contained in Section 6.06.

5.03 Currency

All contributions shall be calculated and credited to the Fund in Canadian currency.

5.04 The Fund

All monies accruing to the Fund shall be deposited into a separate account to the credit of the Trustee and shall not form part of the revenues or assets of the Company. The Fund shall be administered in accordance with this Plan and the assets of the Fund shall be invested in the manner prescribed by the Act and the Regulations and in accordance with such directions as the Company may give.

5.05 Payments from the Fund

There shall be paid from the Fund

(a) any and all expenses relating to the Plan and the Fund, and

(b) all pensions, lump sums, refunds and Interest to be paid under this Plan.

5.06 Company Contributions to the Fund

The Company shall pay into the Fund from time to time, such amounts as may be required in accordance with such tests and standards for solvency as are prescribed by the Act and the Regulations.

5.07 Termination and Surplus

In the event of the termination or winding-up of this Plan, the Fund shall be applied by the Trustee towards making full provision, in accordance with the provisions of the Act and the Regulations, for any pension or other benefits in accordance with this Plan in respect of Pensionable Service up to the date of such termination or winding-up. Any remaining assets shall become the sole and exclusive property of the Company.

Article 6 – Pensionable Service

6.01 Pensionable Service

(a) Subject to Sections 6.01(b), (c), and (d) "Pensionable Service" consists of any period of:

(i) Fixed Limit Service; or

(ii) Statutory Limit Service,

by a Member, on or after June 1, 2013, in respect of which all contributions required under this Plan have been made.

(b) Members who on June 1, 2013 were accruing (or would be accruing, if not for the limits on Pensionable Service under sections 6.05 and 6.06):

(i) Fixed Limit Service, shall have the entirety of that Member's Fixed Limit Service, while accruing defined benefit pension under the Canadian Pacific Railway Company Pension Plan, prior to June 1, 2013 included in their Pensionable Service; and

(ii) Statutory Limit Service, shall have the entirety of that Member's Statutory Limit Service, while accruing defined benefit pension under the Canadian Pacific Railway Company Pension Plan, prior to June 1, 2013 included in their Pensionable Service.

(c) In the event a Member becomes totally disabled as certified by a qualified medical doctor licensed to practice in Canada, he shall continue to accrue Pensionable Service for the period of time during which he is in receipt of benefits from the Company's long-term disability plan. In no event, however, shall such a disabled Member accrue Pensionable Service after the earlier of the date the Member: attains their Normal Retirement Date, dies, or the Plan is terminated.

(d) A Member shall be deemed to cease to be disabled on the earlier of the date on which the Member ceases to qualify as disabled in accordance with the Company's long-term disability plan and the date the Member meets the requirements to receive an unreduced retirement pension in accordance with Article 7.

(e) Pensionable Service shall include:

(i) A period lay-off that does not exceed twelve (12) consecutive calendar months, where

(A) at the commencement of the lay-off the Member has at least twenty (20) years of cumulative Service, and

(B) the Member, throughout the lay-off, has not declined to accept another position offered by the Company;

(ii) Leave due to child care responsibilities, including maternity leave, granted by the Company pursuant to the Canada Labour Code;

(iii) A leave of absence in respect of which a Member receives any Earnings other than Deemed Earnings; and

(iv) On and after January 1, 2004, compassionate care leave granted by the Company pursuant to the Canada Labour Code.

6.02 War Service

(a) The period during which a Member was absent on leave for active service in the Armed Forces of Canada or Canada's Allies in World War II shall be included as Pensionable Service.

(b) Section 6.02(a) shall apply mutatis mutandis to the extent required by law to any other period during which a Member is absent on leave for active service in the Armed Forces of Canada.

6.03 Public Office

The period during which a Member is absent on leave to serve as a member of the Parliament of Canada or any Provincial Legislature in Canada (or in any other elected public position approved by the Company) shall be included as Pensionable Service if the Member

(a) elects by written notice to the pension department within one (1) month after the grant of leave to continue to contribute throughout the leave,

(b) while on leave is not accruing benefits under another pension plan other than the Canada Pension Plan or the Quebec Pension Plan, and

(c) throughout the leave continues to contribute to the Fund,

provided, however, that the period of such leave may be included as Pensionable Service shall not, without the approval of Revenue Canada, exceed three (3) years.

6.04 Public Service

Where a Member terminates employment to accept a position in the public service, the Company may authorize an arrangement by which the Member would, upon subsequently resuming membership, be credited with the Pensionable Service rendered by that person prior to termination only if the Member transfers directly to the Fund the amount of any refunded contributions and other payments made to the Member out of the Fund with respect to such a period from a registered retirement savings plan, a deferred profit sharing plan, or another registered pension plan.

6.05 Maximum Deemed Service

(a) The accumulation of Pensionable Service under Sections 6.01(e)(i) to (iv), Section 6.02(b), or Section 6.03 shall be subject to Maximum Deemed Service, and

(b) Any period of Service described in Sections 6.01(e)(i) to (iv), Section 6.02(b), or Section 6.03 that is rendered by a Member after the Member has attained Maximum Deemed Service shall be credited as Pensionable Service in proportion to the ratio of the remuneration actually received by the Member, if any, during that period to the remuneration the Member would have received if the Member had rendered service to the Company on a regular basis.

6.06 Maximum Pensionable Service

The Pensionable Service of a Member shall not include Service of the Member after the date the Member has accumulated thirty-five (35) years of Combined Eligibility Service.

6.07 Calculating Pensionable Service

For the purpose of calculating Pensionable Service,

(a) a Member who is engaged to work on a full-time basis shall be credited with a full month of Pensionable Service for each month in which the Member renders any Service, subject to Maximum Deemed Service,

(b) a Member who is engaged to work on a part-time basis shall be credited with a full month of Pensionable Service for every twenty-one (21) days of Pensionable Service, subject to Maximum Deemed Service, and

(c) the effect of Section 6.05 shall not be taken into account in determining whether a Member, Former Member, Spouse or Post-Retirement Spouse is entitled to any benefit described in this Plan.

Article 7 – Retirement Date

7.01 Normal Retirement Date

(a) Subject to Section 7.01(b), the Normal Retirement Date of a Member or Former Member shall be the last day of the month in which the Member or Former Member attains the age of sixty-five (65) years.

(b) With respect to every Member

(i) who ceases to be a Member at the initiative of the Company during a period as may be set by the Board of the Company from time to time;

(ii) who is not represented by a Union at the Date of Cessation of Membership; and

(iii) who is offered the opportunity to retire early without the Company's consent,

the Normal Retirement Date provided in Section 7.01(a) shall not be later than the last day of the month when the sum of the Member's or Former Member's age plus Combined Eligibility Service is at least eighty-five (85) years, the Combined Eligibility Service is at least twenty-five (25) years, and the age is at least fifty-five (55) years.

7.02 Early Retirement Date

A Member or Former Member may retire early on the last day of any month in the ten (10)-year period preceding the Normal Retirement Date.

7.03 Late Retirement Date

(a) Where a Member remains in Service after the age of sixty-five (65) years and is not receiving a pension under this Plan, the Member's Service after reaching the Normal Retirement Date shall, subject to Section 6.06, be included in the Member's Pensionable Service.

(b) The Late Retirement Date shall be the last day of the last month after the Normal Retirement Date in which the Member renders Service; provided, however, that for the purposes of this Plan no Late Retirement Date of a Member shall be later than:

(i) the day preceding the Member's seventy-first (71st) birthday irrespective of whether or not the Member's Service continues thereafter; or

(ii) or such other time as is acceptable under the Revenue Rules.

Article 8 – Lifetime Pension Formula

8.01 Lifetime Pension Formula

A Member's pension shall be an amount, calculated as at a Member's Date of Cessation of Membership, equal to the sum of (a) and (b):

(a) The Member's Future Pensionable Service multiplied by the greater of (i) or (ii), where:

(i) is $1,975; and

(ii) is the sum of

(A) 1.3% of of the Member's Highest Plan Earnings up to the Average Year's Maximum Pensionable Earnings; and

(B) 2.0% of Member's highest Highest Plan Earnings in excess of the Average Year's Maximum Pensionable Earnings,

not to exceed the applicable Pension Limit for the calendar year that the pension commences to be paid

minus the Member's Future Pensionable Service multiplied by $1,975.

(b) In relation to Past Pensionable Service the greater of (i) or (ii), where:

(i) is the Member's Past Pensionable Service Offset; and

(ii) is the Member's Past Pensionable Service multiplied by the lesser of (A) or (B), where:

(A) is the sum of (I) and (II), where:

(I) is 1.3% of highest Highest Plan Earnings up to the Average Year's Maximum Pensionable Earnings; and

(II) is 2.0% of Highest Plan Earnings in excess of the Average Year's Maximum Pensionable Earnings, and

(B) is the applicable Pension Limit for the calendar year that the pension commences to be paid,

minus the Member's Past Pensionable Service Offset.

(c) A Member's Past Pensionable Service Offset is equal to a Member's Past Pensionable Service multiplied by the lesser of (i) and (ii):

(i) the greater of:

(A) $1,975; and

(B) the sum of:

(I) 1.3% of highest Highest Plan Earnings up to the Average Year's Maximum Pensionable Earnings; and

(II) 2.0% of Highest Plan Earnings in excess of the Average Year's Maximum Pensionable Earnings,

but using Highest Plan Earnings and Average Year's Maximum Pensionable Earnings determined as though the Member had ceased to be a Member on May 31, 2013,

or

(ii) for each year of Past Pensionable Service on and after August 1, 1991, the Defined Benefit limit for the year the pension commences, and

for each year of Past of Past Pensionable Service prior to August 1, 1991, the greater of:

(A) the Defined Benefit Limit, and

(B) the sum of:

(I) 1.3% of Highest Plan Earnings up to the Average Year's Maximum Pensionable Earnings; and

(II) 2.0% of Highest Plan Earnings in excess of the Average Year's Maximum Pensionable Earnings,

where Highest Plan Earnings is determined without reference to Averaged Incentive Compensation.

8.02 Maximum Pension

Notwithstanding anything else in this Article, the amount of monthly pension payable in respect of Pensionable Service rendered after July 31, 1991 from the Plan and the Canadian Pacific Railway Company Pension Plan, excluding that portion of the amount, if any, attributable to the operation of Section 11.01(a)(ii) and subclause 11.02(a)(i)(B) of the Canadian Pacific Railway Company Pension Plan, shall not exceed an amount equal to the product of

(a) Pensionable Service rendered after July 31, 1991,

and

(b) the lesser of

(i) two percent (2%) of the Member's Highest Plan Earnings,

and

(ii) one-twelfth (1/12) of the Defined Benefit Limit for the year in which the pension commences to be paid.

Article 9 – Amount of Pension

9.01 Normal Retirement

A Member or Former Member who retires at the Normal Retirement Date shall be entitled to a lifetime pension equal in amount to:

(a) if the Member or Former Member has no Spouse at the Retirement Date, the pension calculated in accordance with Article 8 or Article 11, as the case may be;

(b) if the Member or Former Member has a Spouse at the Retirement Date and the Spouse has consented in the prescribed manner, the pension calculated in accordance with Article 8 or Article 11, as the case may be, in the form described in Section 10.03(a), adjusted if applicable in accordance with Section 12.09; or

(c) if the Member or Former Member has a Spouse at the Retirement Date and the Spouse has not consented in the prescribed manner to receive the pension described in Section 9.01(b), the Actuarial Equivalent of the pension calculated in accordance with Section 9.01(b) and in the form described in Section 10.03(b).

9.02 Early Retirement

(a) Where:

(i) a Member retires at an Early Retirement Date with the Company's consent;

(ii) the sum of the Member's age and Combined Eligibility Service is at least eighty-five (85) years; and

(iii) if the Member's Early Retirement Date is:

(A) before December 31, 2022, the Member has reached the age of fifty-five (55) years; or

(B) on or after December 31, 2022, the Member has reached the age of fifty-seven (57) years,

the Member is entitled to a pension equal in amount to:

(iv) if the Member has no Spouse at the Retirement Date, the pension calculated in accordance with Article 8 or Article 11, as the case may be;

(v) if the Member or Former Member has a Spouse at the Retirement Date and the Spouse has consented in the prescribed manner, the pension calculated in accordance with Article 8 or Article 11, as the case may be, in the form described in Section 10.03(a), adjusted if applicable in accordance with Section 12.09; or

(vi) if the Member or Former Member has a Spouse at the Retirement Date and the Spouse has not consented in the prescribed manner to receive the pension described in Section 9.02(a)(v), the Actuarial Equivalent of the pension

calculated in accordance with Section 9.02(a)(v) and in the form described in Section 10.03(b).

(b) In all other cases where a Member or Former Member retires at an Early Retirement Date, the Member or Former Member is entitled to a pension equal to the lesser of:

(i) the Actuarial Equivalent of the pension otherwise payable from the Normal Retirement Date; and

(ii) the pension otherwise payable from the Normal Retirement Date reduced in accordance with the reduction factors contained in the Revenue Rules.

9.03 Late Retirement

A Member who retires at a Late Retirement Date shall be entitled to a pension equal in amount to

(a) if the Member has no Spouse at the Retirement Date, the pension calculated in accordance with Article 8;

(b) if the Member or Former Member has a Spouse at the Retirement Date and the Spouse has consented in the prescribed manner, the pension calculated in accordance with Article 8 in the form described in Section 10.03(a), adjusted if applicable in accordance with Section 12.09; or

(c) if the Member or Former Member has a Spouse at the Retirement Date and the Spouse has not consented in the prescribed manner to receive the pension described in Section 9.03(b), the Actuarial Equivalent of the pension calculated in accordance with Section 9.03(b) and in the form described in Section 10.03(b).

9.04 Minimum Employer Cost Rule

A Member's lifetime pension provided for in Sections 9.01, 9.02, or 9.03, as the case may be, shall include a lifetime pension that is the Actuarial Equivalent to the excess of (a) over (b) where:

(a) equals the Member's contributions and Interest thereon, and

(b) equals fifty percent (50%) of the Actuarially Equivalent lump sum value of the Member's Pension Accrued ending on the Date of Cessation of Membership.

Article 10 – Payment of Pension

10.01 Monthly Payment

(a) Pensions shall be paid in monthly installments. The first installment shall, unless otherwise determined by the Company, be made on or about the fifteenth (15th) day after the end of the calendar month following the Member's Retirement Date. Thereafter, installments shall, unless otherwise determined by the Company, be made on or about the last day of each month throughout the lifetime, including the month of death, of the Pensioner.

(b) Following the death of a Pensioner, monthly installments, determined in accordance with Article 12, shall be paid to the Pensioner's Spouse or Post-Retirement Spouse, as the case may be, if any, commencing with the month following the month of death of the Pensioner, throughout the lifetime, including the month of death, of the Spouse, or Post-Retirement Spouse.

10.02 Credit Splitting

In this Section, the term "spouse" has the meaning given to it in section 25 of the Act.

(a) Subject to section 25 of the Act, pension benefits, pension benefit credits and any other benefits under this Plan shall, on divorce, annulment or separation, be subject to applicable provincial property law.

(b) Pursuant to subsection 25(4) of the Act, a Member or Former Member may, by written agreement, assign, effective as of divorce, annulment or separation, all or part of that Member's or Former Member's pension benefit, pension benefit credit or other benefit under the Plan to the Member's or Former Member's spouse. In the event of such an assignment, the spouse shall, in respect of the assigned portion of the pension benefit, pension benefit credit or other benefit, be deemed, except with respect to the matters referred to in subsections 21(2) to (6) of the Act,

(i) to have been a Member of the Plan, and

(ii) to have ceased to be a Member of the Plan as of the effective date of the assignment, but a subsequent spouse of the spouse is not entitled to any pension benefit, pension benefit credit or any other benefit under the Plan in respect of that assigned portion.

(c) In accordance with section 25 and subsection 36(3) of the Act, all or part of a Member's or Former Member's pension benefit, pension benefit credit or any other benefit under the Plan may be assigned to the Member's or Former Member's spouse by court order pursuant to applicable provincial property law.

(d) Where, pursuant to section 25 of the Act, all or part of a pension benefit of a Member or Former Member is required to be distributed to the Member's or Former Member's spouse under a court order or a written agreement between the spouses, the pension benefit may be adjusted so that it becomes payable as two separate pensions, one to the Member or Former Member and the other to the Member's or Former Member's spouse, provided that the aggregate of the actuarial present values of the two pensions is not less than the actuarial present value of the pension benefit.

(e) Notwithstanding applicable provincial property law, the aggregate of

(i) the actuarial present value of the pension benefit or other benefit paid to a Member or Former Member, and

(ii) the actuarial present value of the pension benefit or other benefit paid to the spouse of the Member or Former Member

pursuant to this Section and Section 25 of the Act shall not be greater than the actuarial present value of the pension benefit or other benefit, as the case may be, that would have been payable to the Member or Former Member had the divorce, annulment or separation not occurred.

(f) If no part of the pension benefit, pension benefit credit or other benefit under the Plan of a Member or Former Member is required to be distributed to the Member's or Former Member's spouse under a court order or agreement referred to in Sections 10.02(b) and 10.02(c), the Member's or Former Member's pension benefit may be adjusted so that it becomes payable as a single life pension.

10.03 Joint and Survivor Pension

Subject to an election of an optional form of pension in accordance with Section 10.05, a Member or Former Member with a Spouse at their Retirement Date shall (subject to 12.09) receive:

(a) If the Spouse has consented in writing in the prescribed form, a joint and survivor form of pension on the lives of the Member and Spouse. Following the death of the Pensioner fifty percent (50%) of the pension that the Pensioner was receiving is payable to the Spouse during the continued lifetime of the Spouse.

(b) If the Spouse has not consented in writing in the prescribed form, a joint and survivor form of pension on the lives of the Member and Spouse that is Actuarially Equivalent to the pension in Section 10.03(a). Following the death of the Pensioner, sixty percent (60%) of the pension that the Pensioner was receiving is payable to the Spouse during the continued lifetime of the Spouse.

10.04 Optional Forms of Pension

A Member may elect, prior to their Retirement Date, one of the optional forms of lifetime pension specified in this Section 10.04. The optional form of lifetime pension shall be Actuarially Equivalent to the applicable normal form of lifetime pension described in Article 9 and Section 10.01.

(a) Life Annuity with a Guaranteed Period

A Member who does not have a Spouse at his Retirement Date may elect a reduced amount of lifetime pension with a guaranteed term of either 120 or 180 months. For greater clarity, in the event the Member dies prior to the end of such guaranteed term, the remaining guaranteed period and payments shall be completed prior to any payments pursuant to Section12.07(b).

(b) Life Annuity Continuing to Spouse

A Member who has a Spouse at his Retirement Date may elect a reduced amount of lifetime pension in a joint and survivor form on the lives of the Member and Spouse. Following the death of the Member, a percentage of the lifetime pension, either 80% or 100%, as elected by the Member, is payable to the Spouse if surviving, during the continued lifetime of the Spouse.

10.05 Conditions Applicable to Optional Forms of Pension

An election to receive an optional form of lifetime retirement pension under Section 10.04 may be revoked or changed provided either:

(a) written notice of such revocation or change is received from the Member by the Company at least 30 days prior to payment of the first installment of the lifetime pension benefit; or

(b) the Spouse under a surviving spouse form of pension has died prior to payment of the first installment of the lifetime pension benefit to the Member.

Article 11 – Entitlement on Termination of Employment

11.01 Entitlement on Termination

(a) A Member shall be entitled on termination of employment to a lump sum equal to the sum of:

(i) The Actuarial Equivalent lump sum value of the Pension Accrued; and

(ii) The excess of the Member's contributions and Interest thereon over fifty percent (50%) of the amount described in Section 11.01(a)(i).

(b) In lieu of the lump sum calculated in accordance with Section 11.01(a), the Member may elect to receive a lifetime pension which is the Actuarial Equivalent of such amount commencing at the Member's Normal Retirement Date.

11.02 Payment of Benefit or Refund

No benefit or refund to which a Member is entitled under this Article shall be paid out of the Fund otherwise than

(a) as a pension, or

(b) in accordance with Article 13.

Article 12 – Death Benefits

12.01 Death Before Retirement

Where a Former Member dies or where a Member dies before commencement of their pension, the Member is deemed to have terminated Service on the date of death and not died

(a) the Spouse, or if there is no Spouse the Beneficiary, is entitled to receive a lump sum equal to the amount calculated in accordance with Section 11.01(a).

(b) In lieu of receiving the lump sum provided for in Section 12.01(a), a Spouse may elect to receive a pension commencing at Normal Retirement Date and Actuarially Equivalent to that lump sum.

12.02 Death Before Early Retirement Eligibility:
More Than Fifteen (15) Years Combined Eligibility Service

Where a Member with a Spouse dies before becoming eligible for early retirement and has at least fifteen (15) years of Combined Eligibility Service and the sum of the Member's age and Combined Eligibility Service is at least sixty (60) years, the Spouse may elect to receive, in lieu of the benefit provided for in Section 12.01, the greater of:

(a) the amount calculated in accordance with Section 11.01(a), and

(b) fifty percent (50%) of the Actuarially Equivalent lump sum value of the Member's Pension Accrued calculated as if payable for the lifetime of the Spouse, commencing from the end of the month of death;

or, in lieu of such lump sums, a pension payable to the Spouse from the end of the month of death that is Actuarially Equivalent.

12.03 Intentionally Left Blank

12.04 Death After Becoming Eligible for Early Retirement

(a) Where a Member with a Spouse dies after becoming eligible for early retirement, but before having commenced receiving a pension from this Plan, the Spouse is entitled to receive the greater of:

(i) a pension equal to sixty percent (60%) of the Pension Accrued that the Member or Former Member would have been entitled to receive had the Member or Former Member elected to commence receiving a pension on the date of death and not died; or

(ii) a pension that is the Actuarial Equivalent to the amount calculated in accordance with Section 11.01(a).

(b) **[Intentionally left blank]**

(c) The Spouse of a Member who is entitled to a pension in accordance with Section 12.04(a) may elect to transfer the amount referred to in Section 12.04(a)(ii) to a Locked-In Retirement Fund.

(d) Where a Member, who does not have a Spouse, dies after becoming eligible for early retirement, the Member is deemed to have terminated Service on the date of death and not died and the Member's Beneficiary is entitled to receive a lump sum amount calculated in accordance with Section 11.01(a).

12.05 Death After Becoming Eligible for Early Retirement: More Than Fifteen (15) Years Combined Eligibility Service

Where a Member dies after becoming eligible for early retirement, but before retirement and has at least fifteen (15) years of Combined Eligibility Service and the sum of the Member's age and Combined Eligibility Service is at least sixty (60) years, the Spouse may elect to receive, in lieu of the benefit provided for in Section 12.04, the greater of

(a) the lifetime pension calculated as the Actuarial Equivalent of the benefit determined in accordance with Section 12.04(a), and

(b) a pension equal to fifty percent (50%) of the Member's Pension Accrued.

12.06 Intentionally Left Blank

12.07 Death After Retirement

(a) Subject to an election of an optional form of pension in accordance with Section 10.04, where a Pensioner dies, the Spouse of the Pensioner at the Retirement Date is entitled to a pension in accordance with the form of pension elected by, or otherwise provided to, the Member, in accordance with Section 10.03.

(b) Where a Pensioner dies and the Pensioner

(i) had no Spouse at the Retirement Date;

(ii) had a Spouse at the Retirement Date whose entitlement in respect of the Pensioner's pension assets was determined by a valid agreement or court order effective as of divorce, annulment or separation; or

(iii) had a Spouse at the Retirement Date who predeceased the Pensioner,

the Pensioner's Post-Retirement Spouse, if any, is entitled to a lifetime pension equal to:

(iv) fifty percent (50%) of the pension that the Pensioner was receiving and of any pension payable to the Pensioner's Spouse that ceased being payable to the Spouse on the death of the Pensioner

subject, however, to any continuing entitlement of the Spouse at Retirement Date to the Pensioner's pension assets pursuant to a valid agreement or court order effective as of divorce, annulment or separation.

12.08 Refund of Residual Contributions

(a) Where a Member, Former Member or Pensioner dies and has no Spouse or Post-Retirement Spouse, a refund of that person's contributions and Interest thereon accrued to the earlier of the date of death or the Retirement Date, less any pension, lump sums or prior refunds paid from the Fund in respect of that person, shall be paid to that person's estate.

(b) Where a Spouse or Post-Retirement Spouse receiving or entitled to receive a pension under this Article dies, the contributions of the Member, Former Member or Pensioner, as the case may be, and Interest thereon accrued to the earlier of the date of death of the Member or Former Member or the Retirement Date of the Pensioner, less any pension, lump sums or prior refunds paid from the Fund in respect of the Member, Former Member or Pensioner, shall be paid to the Spouse's or the Post-Retirement Spouse's estate.

12.09 Spouse: More Than Ten (10) Years Younger than Pensioner

Notwithstanding anything contained elsewhere in this Article, where a Spouse or Post-Retirement Spouse, as the case may be, has elected to receive, or will by operation of this Article receive, a pension or a lump sum under Section 12.02, Section 12.05, or Section 12.07 and that Spouse or Post-Retirement Spouse is more than ten (10) years younger than the Pensioner, the lifetime pension or lump sum to the Spouse or Post-Retirement Spouse shall be reduced by one percent (1%) for each complete year of difference in their ages beyond ten (10) years and the reduction in respect of any remaining portion of a year of difference shall be calculated proportionately.

12.10 Payment of Benefit or Refund

No benefit or refund to which a Spouse is entitled under this Article shall be paid out of the Fund otherwise than

(a) as a pension, or

(b) in accordance with Article 13.

Article 13 – Portability

13.01 Voluntary Portability

Where:

(a) a Member ceases to be a Member before the later of:

(i) the date the Member becomes eligible to retire under Section 7.02, or

(ii) the age of fifty-five (55) years,

and is entitled to receive an amount pursuant to Article 11;

(b) a Former Member is entitled to receive an amount pursuant to Article 11; or

(c) the surviving Spouse of a Member is entitled to receive an amount pursuant to Article 12 and that Spouse has not elected to receive a pension in lieu thereof,

that Member, Former Member, or Spouse may transfer the applicable amount to:

(d) another registered pension plan, if that plan permits such a transfer;

(e) to a registered retirement savings plan; or

(f) to a company licensed to provide annuities in Canada for the purchase of a life annuity,

provided that the pension plan, registered retirement savings plan, or annuity is of the kind prescribed by the Act and Regulations.

13.02 Voluntary Portability: Notification

The Former Member or Spouse shall notify the pension department, in the manner prescribed by the Regulations, of any direction regarding the transfer of any amount under this Article 13.

13.03 Compulsory Portability

Where, at any time, a Member ceases to be a Member and the Actuarially Equivalent lump sum of the Member's pension is less than twenty percent (20%) of the Year's Maximum Pensionable Earnings for the calendar year in which cessation of membership occurs or the Former Member dies, the Member, Former Member or Spouse, as the case may be, will:

(a) be paid directly to the Member, Former Member or Spouse; or

(b) have transferred to a retirement savings plan,

the Actuarially Equivalent lump sum value of the Member or Former Member's pension.

13.04 Transfer Agreements

The Company may, with the approval of the Board, enter into agreements with other employers in respect of employees who cease employment with one of the parties and commence employment with the other, for the transfer of pension benefit credits, as defined in the Act, and such related matters as may be agreed upon.

13.05 Maximum Transfer Value

Notwithstanding anything else in this Article, where an amount to be transferred pursuant to this Article exceeds the amount permitted to be transferred pursuant to the Revenue Rules, the excess shall not be transferred but shall be paid directly to the Member or Former Member.

13.06 Non-resident Former Members

(a) Notwithstanding Sections 13.01 and 13.03, where a Former Member is not a resident of Canada and has not been a resident of Canada in the year of the Date of Cessation of Membership or in the two (2) calendar years immediately preceding that year, the Former Member may direct that any amount to which the Former Member has become entitled pursuant to Article 11 (and has not elected to receive a pension in lieu thereof) be paid directly to the Former Member, by transfer of the amount to a retirement savings plan, by transfer of the amount to a pension plan, if that other plan permits, or by application of the amount to the purchase of an annuity, whether or not such pension plan, retirement savings plan or annuity is of the kind prescribed by the Regulations.

(b) A Former Member shall be deemed to have been a resident of Canada throughout a calendar year if the Former Member has sojourned in Canada in the year for a period of, or periods the total of which is, one hundred and eighty-three (183) days or more.

Article 14 – Administration

14.01 Administrator

The Plan shall be administered by the Company. The Company, subject to the Plan and the Act and the Regulations, shall:

(a) determine the eligibility of Members, Former Members and Spouses to receive pensions, lump sums and refunds,

(b) determine the amounts of Members' contributions, pensions, lump sums and refunds,

(c) prescribe the conditions under which pensions, lump sums and refunds may become payable,

(d) retain from time to time the services of an Actuary,

(e) retain the services of such auditors or other technical advisors as may be deemed necessary or appropriate, and

(f) perform such other duties as may be prescribed by the Act and Regulations.

14.02 Proof of Age and Entitlement

(a) Every Employee shall furnish to the Company, when required to do so, proof of age satisfactory to the Company.

(b) Every Member, Former Member, Pensioner, Spouse or Post-Retirement Spouse, as the case may be, shall furnish, as may be required, proof (including proof of marriage and age where applicable) satisfactory to the Company of that person's entitlement to any pension, lump sum or refund under this Plan.

14.03 Pensioner's Report

Every Pensioner and every Spouse or Post-Retirement Spouse receiving a pension under this Plan shall, upon request, furnish to the pension department such information in such form as the Company may require.

14.04 Communications to Employees

(a) Each Member and each Employee who is eligible to become a Member, and that person's Spouse, shall be given at the times and in the circumstances and manner prescribed in the Regulations

(i) a written explanation of the Plan;

(ii) a written explanation of any applicable amendments thereto; and

(iii) such other information as is prescribed by the Regulations.

(b) Each Member and each Member's Spouse shall be given, at the times and in the circumstances and manner prescribed by the Regulations, a written statement annually, showing such information as is prescribed in the Regulations.

(c) Each Former Member and each Former Member's Spouse, unless an amount pursuant to Article 13 was paid, shall be given, at the times and in the circumstances and manner prescribed by the Regulations, a written statement annually, showing such information as is prescribed in the Regulations.

(d) Each Member and Spouse may, once in each year of operation of the Plan, either personally or by an agent authorized in writing for that purpose,

(i) examine the prescribed documents filed with the Superintendent, at the pension department of the Company or at such other place as is agreed to by the Company and the person requesting to examine the documents, and

(ii) order, in writing, a photocopy of any such documents and the Company shall comply with such order upon payment of such reasonable fee as the Company may fix.

(e) Where a Member retires or ceases to be a Member, the Company shall give to that Member and to the Spouse a written statement, in the form prescribed by the Regulations, of the Member's pension benefits and other benefits payable under the Plan, within thirty (30) days (or such longer period as the Superintendent may allow) after the Retirement Date or the Date of Cessation of Membership, as the case may be.

(f) If a Member of the plan dies, the administrator shall give the written statement referred to in Section 14.04(e), in the form and containing the information prescribed by the Regulations, within 30 days after the date of the death to the Member's Spouse, if there is one, to the member's designated beneficiary, if the administrator has been notified of the designation and there is no Spouse, or, in every other case, to the executor, administrator or liquidator of the member's estate or succession.

14.05 Pensions to Incompetents

Where the Company is satisfied, on the basis of medical evidence, that a person entitled to receive any pension, lump sum or refund under this Plan is physically or mentally incompetent to receive it and there is no guardian, curator, committee or other representative legally responsible for the estate of such person, the Company may make payment in trust for such person to such other person, group of persons or agency as, in the opinion of the Company, is best qualified to receive and administer the payment.

14.06 Payments to Estates

Any payment that is to be made to the estate of a Member, Former Member, Pensioner, Spouse or Post-Retirement Spouse shall be made to that person's legal representatives, or if no legal representative has been appointed, to such person or persons as the Company may, in its sole discretion, determine upon such person or persons furnishing such evidence and giving such security as the Company may require.

14.07 Currency of Payments

All pensions, lump sums and refunds, including Interest, shall be calculated and paid in Canadian currency.

14.08 Interest on Late Payments

Interest shall be paid on any amount transferred from the Fund in accordance with Article 13 from the day following the Date of Cessation of Membership to the last day of the month preceding the month in which the amount is paid.

14.09 Statutory Pension Plans

If

(a) the Company is required at any time, by statutory enactment or otherwise, to make contributions to any pension fund or plan other than the Canada Pension Plan or the Quebec Pension Plan, or

(b) a change occurs in the rate at which the Company is required to make contributions under the Canada Pension Plan or the Quebec Pension Plan,

then, subject to the Act and Regulations and with the approval of the Board, the Plan may be amended so that the pension benefits provided in this Plan shall be integrated with any that may be introduced by reason of revision or creation of other pension plans to which the Company is or may become subject in such manner as will, to the fullest extent possible, prevent the Company from being subjected to additional financial burdens; provided, however, that no such amendment of this Plan shall affect the Pension Accrued of each Member at that date.

14.10 Re-employment of Pensioner

(a) The pension payable to any Pensioner of less than seventy-one (71) years of age employed by the Company shall, with the approval of the Pensioner, be suspended during the period of such employment.

(b) Payment of a pension suspended pursuant to Section 14.10(a) shall recommence on the first day of the month following the earlier of

(i) the day the Pensioner attains the age of seventy-one (71) years, and

(ii) termination of the period of employment,

and the amount of pension payable to the Pensioner shall be increased, not to exceed the maximum increase permitted by Revenue Rules, so that the value of the pension is Actuarially Equivalent to the value of the pension immediately prior to the period of suspension of payment.

(c) The Retirement Date of a Pensioner shall not be affected by the suspension or consequent adjustment of a pension pursuant to this Section.

(d) Where a Pensioner whose pension has at any time been suspended pursuant to Section 14.10(a) dies, the benefit to which the Spouse or Post-Retirement Spouse is entitled under Article 12 shall be calculated on the basis of the pension the Pensioner was receiving at the time of death; and where a Pensioner with a suspended pension dies while employed by the Company, the pension shall be increased as if the Pensioner had terminated employment on the date of death and not died.

14.11 Assignment and Garnishment

Except as otherwise provided under the Act, no pension benefit, as defined in the Act, provided under the Plan is capable of being assigned, charged, anticipated or given as security or confers on a Member or Former Member, that person's personal representative or dependent or other person, any right or interest therein that is capable of being assigned, charged, anticipated or given as security; and no pension or deferred pension is capable of being surrendered or commuted during the lifetime of the Member, Former Member, Spouse or Post-Retirement Spouse or confers on a Member or Former Member, that person's personal representative or dependent or other person, any right or interest therein that is capable of being surrendered or commuted during the lifetime of the Member, Former Member, Spouse or Post-Retirement Spouse.

14.12 Compliance with Act and Regulations

Where any pension, lump sum or refund is required under the Act or Regulations to be administered, or paid, in a manner different from that stipulated in this Plan or to be paid to a person other than the person stipulated in this Plan, the pension, lump sum or refund shall, notwithstanding the provisions of this Plan, be administered or paid in accordance with the Act or Regulations.

14.13 Company Rights

(a) Nothing contained in this Plan shall affect any rights which the Company otherwise has to terminate the employment of any Employee at any time.

(b) The Company may, subject to the approval of the Board, amend or terminate this Plan; provided, however, that no amendment or termination of the Plan shall reduce the entitlement of any person to a Pension Accrued at the date of the amendment or termination except as may be permitted under the Act and Regulations.

(c) Notwithstanding the Company's general power to amend the Plan subject to Board approval, the Company, through the joint approval of any two of the following officers of the Company:

(i) President and Chief Executive Officer,

(ii) Vice-President, Human Resources and Industrial Relations,

(iii) Executive Vice-President and Chief Financial Officer, and

(iv) any other officer designated by the Board,

shall have specific authority, without the need for Board approval, to make amendments that:

(v) document administrative practice or clarify interpretation,

(vi) are required as a result of changes in the Act, Regulations, or Revenue Rules,

(vii) are requested by the regulators of the Act, Regulations, or the Revenue Rules, or

(viii) result in only minor modifications to the Plan provisions,

and provided such amendments have a minimal or no financial impact on the Company or the Plan.

14.14 Sex Discrimination

(a) The sex of a Member or Former Member or of that person's Spouse shall not be taken into account for purposes of determining the amount of any contribution to be paid by the Member or the amount of any benefit to which the Member or Former Member or that person's Spouse becomes entitled under the Plan.

(b) Notwithstanding Section 14.14(a), amounts transferred in the circumstances contemplated under section 26 of the Act may vary according to the sex of the Member, Former Member or that person's Spouse or Post-Retirement Spouse, if the variation is such that the pension benefit payable does not vary materially according to the sex of such persons.

Article 15 – Indexation

15.01 Eligibility

This Article shall apply to:

(a) Pensioners, who, as of December 31st of the immediately preceding year have reached the age of sixty-five (65) and have been in receipt of pension benefits from the Plan for at least five (5) years,

(b) Spouses or Post-Retirement Spouses, as the case may be, of deceased Pensioners who, had they not died, would have been Pensioners described in Section 15.01(a) as the case may be, and

(c) Spouses of Members who died in Service, who, as of December 31st of the immediately preceding year, have been deceased for at least five (5) years and, had they not died, would have reached the age of sixty-five (65).

15.02 Effective Date

On January 1 of each year following the effective date of the Plan, the pension then payable to each person to whom this Article applies shall be increased in accordance with the formula contained in Appendix A.

15.03 Indexation and Calculation of Lump Sum Values

The operation of this Article shall be taken into account in calculating the Actuarially Equivalent lump sum value of the Member's Pension Accrued.

15.04 Mandatory Indexation

Notwithstanding anything contained elsewhere in this Article, if mandatory pension indexation is legislated by the Parliament of Canada, the indexation arrangement set out herein will be integrated with the mandatory requirement so that the indexation will not exceed the greater of that provided for herein or that required by the legislation.

Appendix A: Indexation Formula

The amount by which a pension shall be increased pursuant to Article 15 shall be calculated by multiplying

(a) the least of

(i) fifty percent (50%) of (A) divided by (B) minus (C), with such amount not to be less than zero (0), where:

(A) is the average Consumer Price Index for each month in the twelve (12) month period ending on the immediately preceding September 30th,

(B) is the average Consumer Price Index for the twelve (12) month period immediately preceding the period in subclause (A), and

(C) is one (1).

(ii) three percent (3%), and

(iii) one hundred percent (100%) of (A) divided by (B) minus (C), with such amount not to be less than zero (0), where:

(A) is the average Consumer Price Index for each month in the twelve (12) month period ending on the September 30th preceding the twelve (12) month period determined in subclause (i)(A) above,

(B) is the average Consumer Price Index for the twelve (12)-month period immediately preceding the period in subclause (A), and

(C) is one (1).

by

(b) 75% of the amount of pension that is in respect of Pensionable Service accrued on and after January 1, 2001.

Exhibit 10.33

AMENDMENT NUMBER 1

TO

THE CANADIAN PACIFIC RAILWAY COMPANY SECONDARY PENSION PLAN

EFFECTIVE JUNE 1, 2013:

1. Section 5.02 is deleted in its entirety and replaced with the following:

"5.02 Payment of Contributions

(a) A Member shall commence making contributions upon the commencement of their Pensionable Service.

(b) Unless otherwise provided in this Plan, a Member shall make contributions for each calendar month of Pensionable Service.

(c) A Member shall not be required to make contributions in respect of a period of Service that is not credited as Pensionable Service because of the effect of the Maximum Deemed Service provisions contained in Section 6.05, or because of the effect of the Maximum Pensionable Service provisions contained in Section 6.06."

2. Section 5.06 is deleted in its entirety and replaced with the following:

"5.06 Company Contributions to the Fund

(a) The Company shall pay into the Fund from time to time such amounts as may be required in accordance with such tests and standards for solvency as are prescribed by the Act and the Regulations.

(b) While the Plan remains in force, the Company is entitled, subject to the requirements of the Act and the Regulations,

(i) to utilize any surplus assets to reduce any amounts the Company is required to pay into the Fund, or

(ii) to withdraw any surplus assets from the Fund."

Exhibit 10.34

AMENDMENT NUMBER 2

TO

THE CANADIAN PACIFIC RAILWAY COMPANY SECONDARY PENSION PLAN

AMENDMENTS EFFECTIVE JANUARY 1, 2015

Effective January 1, 2015,

1. Add new paragraph 12.11 after paragraph 12.10:

"**12.11 Short Life Expectancy**

Where a Member has been diagnosed to be terminally ill with a life expectancy of one year or less and the Company's Chief Medical Officer or his designate provides to the Company a written report that he concurs with the life expectancy of one year or less, then notwithstanding paragraph 4.02, Article 7, Article 11 and paragraph 13.01, the following provisions apply:

(a) If the Member has reached the Normal Retirement Date or has accrued ten (10) or more years of Pensionable Service, the Member may elect to retire effective the last day of any month following the date the Company's Chief Medical Officer provides his report, the effective date of the Member's election to retire shall be the Member's Retirement Date under the Plan, and the Member shall receive a pension equal in amount to:

(i) if the Member has no Spouse at the Retirement Date, the pension calculated in accordance with Article 8,

(ii) if the Member has a Spouse at the Retirement Date and the Spouse has elected in prescribed form to receive the benefit described in clause 10.03(a), and adjusted if applicable in accordance with paragraph 12.09, the pension calculated in accordance with Article 8,

(iii) if the Member has a Spouse at the Retirement Date and the Spouse has not elected in the manner referred to in clause 10.03(a), the Actuarial Equivalent of the pension calculated in accordance with clause (ii), payable in accordance with clause 10.03(b) or, if the Member elects an optional form of payment, in accordance with paragraph 10.04 as applicable.

(b) In lieu of the pension provided in subparagraph (a), the Member may elect a transfer in accordance with Article 13 equal to the Actuarial Equivalent lump sum value of such pension, subject to the condition that if the Member has a Spouse, the Spouse must elect in prescribed form to waive his/her right to any benefit from the Plan. The Actuarial Equivalent lump sum value shall be calculated taking into account the actual marital status of the Member and paragraphs 12.07, 12.08 and 12.09 but not taking into account the Member's life expectancy being one year or less.

(c) If the Member has not reached the Normal Retirement Date and has not accrued ten (10) or more years of Pensionable Service, the Member may elect to cease membership in the plan on any date following the date the Company's Chief Medical Officer provides his report, the effective date of the Member's election shall be the Member's Date of Cessation of Membership under the Plan regardless of whether the Member has ceased to be an Employee, and the Member shall be entitled to a transfer in accordance with Article 13 equal to the Actuarial Equivalent lump sum value of the Member's Pension Accrued and payable commencing at the Member's Normal Retirement Date, subject to the condition that if the Member has a Spouse, the Spouse must elect in prescribed form to waive his/her right to any benefit from the Plan.

In all cases, an Actuarial Equivalent lump sum value calculated in this paragraph 12.11 shall not be less than the value of any benefits that the Member would be eligible to receive under Article 9 or Article 11 at his Retirement Date or Date of Cessation of Membership."

Exhibit 10.35

Canadian Pacific Railway Company

Supplemental Retirement Plan

Effective January 1, 2011

January 1, 2011

Table of Contents

ARTICLE 1 – ESTABLISHMENT OF THE PLAN

1.1 The Company established the Canadian Pacific Railway Management Supplemental Pension Plan (1998) (the "Management Plan") and the Canadian Pacific Railway Executive Supplemental Pension Plan (1998) (the "Executive Plan") (collectively the "Prior Plans"), both effective May 1, 1998. The Management Plan provided supplemental pension benefits primarily on a defined benefit basis to eligible management employees of the Company. The Executive Plan provided supplemental pension benefits primarily on a defined benefit basis to designated executive employees of the Company. The Prior Plans were terminated effective December 31, 2010.

1.2 The Company hereby establishes the Supplemental Plan effective January 1, 2011, to provide retirement benefits to eligible management and executive employees of the Company. The Supplemental Plan provides benefits primarily on a defined contribution basis to eligible Members in excess of the contributions that may be made in respect of such employees under the Basic Plan, which contributions are restricted by the maximum contributions permitted under the Income Tax Act. The Supplemental Plan preserves the supplemental defined contribution account balances, if any, as at December 31, 2010 and the entitlement to a defined benefit pension, if any, under the Prior Plans for service to December 31, 2010. Included as Appendix A are supplemental defined benefit provisions, for the purpose of preserving such legacy lifetime retirement income and related benefits to management or executive employees of the Company who participated in the defined benefit provisions of the Prior Plans. The purpose of Appendix A of the Supplemental Plan is to provide benefits to eligible employees in excess of the benefits payable to such employees under the Basic Plan, which benefits are restricted by the maximum benefits permitted under the Income Tax Act.

1.3 The Supplemental Plan is primarily intended to restore benefits under the Basic Plan to the level that would be available in accordance with the contribution or benefit formula, as applicable, under the Basic Plan if such restrictions were not applicable. However, different benefits may be provided under this

Supplemental Plan for individual Members or classes of Members as may be so designated from time to time.

1.4 The Supplemental Plan is intended to be exempt from federal legislation relating to pension plans.

1.5 The Supplemental Plan shall apply in respect of the determination of benefits payable to an eligible employee who retires, dies or terminates employment on or after January 1, 2011.

ARTICLE 2 – DEFINITIONS

For the purposes of this Supplemental Plan, unless the context clearly indicates otherwise, the following terms shall have the following meanings:

2.1 "Actuarial Equivalent" shall have the meaning attributed to it under the Basic Plan. For greater certainty, the determination of Actuarial Equivalent amounts hereunder will be based on factors and methodologies consistent with those used for similar calculations under the Basic Plan at the time of the calculation, unless otherwise specified herein.

2.2 "Actuary" means a person who is, or a firm one of whose employees is, a Fellow of the Canadian Institute of Actuaries and who is appointed by the Company to carry out actuarial valuations and provide actuarial advice and services as may be required from time to time for the purposes of the Supplemental Plan.

2.3 "Average Year's Maximum Pensionable Earnings" shall have the same meaning as in the Basic Plan.

2.4 "Basic Plan" means the Canadian Pacific Railway Company Pension Plan consolidated as at January 1, 2009, and as subsequently amended or restated from time to time.

2.5 "Board" means the board of directors of Canadian Pacific Railway Company.

2.6 "Change in Control" means a change in control of the Company as defined in the Company's Management Stock Option Incentive Plan as amended from time to time.

2.7 "Company" means Canadian Pacific Railway Company.

2.8 "DC Member" means a Member who accrues defined contribution benefits under Appendix B of the Basic Plan or who has ceased accruing defined contribution benefits but still maintains his defined contribution accounts thereunder.

2.9 “DC Pension Benefits” means the benefits attributable to, or payable from, a DC Member’s Supplemental Company Account.

2.10 “Date of Cessation of Membership” means the date determined in accordance with Section 3.03.

2.11 “Designated Beneficiary” shall have the same meaning as in the Basic Plan.

2.12 “Effective Date” means January 1, 2011.

2.13 “Employee” shall have the same meaning as in the Basic Plan.

2.14 “Event of Default” shall have the same meaning as in the Trust Agreement.

2.15 “Former Member” shall have the same meaning as in the Basic Plan.

2.16 “Income Tax Act” means the Income Tax Act (Canada), R.S.C. 1985, as amended.

2.17 “Letter of Credit” shall have the same meaning as in the Trust Agreement.

2.18 “Liabilities” means the highest possible actuarial liabilities, determined on a plan termination basis, of the Secured Benefits provided under the Plan over the term of the applicable Letter of Credit, as determined by the Actuary as at the Liability Valuation Date using the methods and assumptions selected by the Actuary, which shall include the assumption that a Change of Control will occur, and taking into account the estimated expenses of operating the Trust Fund including the Trustee's compensation and wind up costs and a reasonable estimate of future Plan expenses.

2.19 “Liability Valuation Date” means date that is three (3) months prior to the effective date of a renewal or replacement Letter of Credit.

2.20 “Management Employee” shall have the same meaning as in the Basic Plan.

2.21 “Member” means an Employee who is a member of the Basic Plan, who has met the eligibility requirements, in accordance with Article 3, to accrue benefits

under this Supplemental Plan and who remains contingently or absolutely entitled to a retirement benefit under the Supplemental Plan.

2.22 "Pensionable Service" means any Service, expressed in years, included as pensionable service under the Basic Plan.

2.23 "Pension Committee" means the Pension Committee of the Board.

2.24 "Post-Retirement Spouse" shall have the same meaning as in the Basic Plan.

2.25 "Prior Plans" means the Canadian Pacific Railway Management Supplemental Pension Plan (1998) (the "Management Plan") and the Canadian Pacific Railway Executive Supplemental Pension Plan (1998) (the "Executive Plan").

2.26 "Registered Company Account" means the Company Account maintained in respect of a Member under the Basic Plan, as defined under the Basic Plan.

2.27 "Representative Participant" shall have the same meaning as in the Trust Agreement.

2.28 "Retirement Date" means a Normal Retirement Date, Early Retirement Date or Late Retirement Date, as the case may be.

2.29 "Secured Benefits" shall have the same meaning as in the Trust Agreement.

2.30 "Service" shall have the same meaning as in the Basic Plan.

2.31 "Spouse" means the Member's spouse, if any, as defined under the Basic Plan, who is entitled to benefits from the Basic Plan upon the death of the Member or who would be entitled to such benefits except for having waived them.

2.32 "Supplemental Benefit" means the benefit payable to a Member pursuant to this Supplemental Plan.

2.33 "Supplemental Company Account" means the individual retirement account maintained by the Company with respect to each DC Member in accordance with Section 4.01.

2.34 “Supplemental Plan” means this Canadian Pacific Railway Company Supplemental Retirement Plan.

2.35 “Trust Agreement” means the written agreement in force from time to time between the Company and the Trustee, with respect to the assets of the Trust Fund.

2.36 “Trust Fund” means the trust fund established under the Trust Agreement.

2.37 “Trustee” means a corporation selected by the Company that is authorized to carry on a trust business in Canada.

2.38 “U.S. Code” means the United States Internal Revenue Code of 1986, as amended, and any regulations issued hereunder.

2.39 “U.S. Member” means a Member or Former Member whose benefits under the Supplemental Plan are subject to taxation under the U.S. Code.

In this Supplemental Plan, words importing the singular include the plural and vice versa; words importing the masculine gender include the feminine and vice versa, as the context shall require, and references to a subparagraph, paragraph, section, article or appendix mean a subparagraph, paragraph, section, article or appendix of the Supplemental Plan, unless specified otherwise.

ARTICLE 3 – MEMBERSHIP

3.1 (a) Each Employee who was a member of the Prior Plans on December 31, 2010 shall become a Member of the Supplemental Plan on the Effective Date and shall accrue benefits hereunder on a defined contribution or defined benefit basis in respect of a period of Pensionable Service on the same basis as the benefit accruals under the Basic Plan for the same period of Pensionable Service.

(b) An Employee who is a member of the Basic Plan on December 31, 2010 and who is promoted to a position graded MM1 or higher, or equivalent classification under any of the Company's salary plans, on or after the Effective Date shall become a Member of the Supplemental Plan and shall accrue benefits on the same basis as the Basic Plan.

(c) For greater certainty, no Employee hired as a Management Employee on or after the Effective Date shall be entitled to accrue benefits in accordance with Appendix A.

3.2 Every other Employee who:

(a) is a member of the Basic Plan; and

(b) holds a position graded MM1 or higher, or equivalent classification under any of the Company's salary plans,

shall be a Member of the Supplemental Plan and shall accrue benefits hereunder on a defined contribution basis.

3.3 Membership in the Supplemental Plan ceases on the earliest of:

(a) the Retirement Date of the Member;

(b) the date the Member ceases to be an Employee; and

(c) the date of termination of the Supplemental Plan.

3.4 Employees who become Members after a Liability Valuation Date, other than Employees who were employed by the Company prior to such Liability Valuation Date and were promoted so as to become Members after such date, shall not have their benefits under the Supplemental Plan securitized by either the Letter of Credit or any assets of the Trust Fund until the date that is three months following the subsequent Liability Valuation Date, and thereafter only to the extent that such benefits are Secured Benefits.

ARTICLE 4 – SUPPLEMENTAL ACCOUNTS

4.1 The Company shall establish and maintain an individual Supplemental Company Account in respect of each DC Member accruing benefits under the Supplemental Plan.

4.2 In respect of a DC Member who, on December 31, 2010, accrued benefits on a defined contribution basis under the Prior Plans, the opening balance in such DC Member's Supplemental Company Account as at January 1, 2011 shall be equal to the closing balance in the Member's Supplemental DC Account (as defined in the Prior Plans) as at December 31, 2010.

4.3 In respect of each month of Service during which the DC Member participates under the Basic Plan, the Company shall make notional allocations to the DC Member's Supplemental Company Account in an amount equal to the excess, if any, of (a) over (b), as follows, where:

(a) is the amount of Company contributions that would be made to the DC Member's Registered Company Account for such month in accordance with Appendix B of the Basic Plan, if the limits as to the maximum contributions as set out in Appendix B of the Basic Plan were not applicable; and

(b) is the amount of Company contributions actually made to the DC Member's Registered Company Account for such month in accordance with Appendix B of the Basic Plan.

4.4 The notional allocations, if any, in respect of a DC Member for a month in a calendar year shall be credited to the DC Member's Supplemental Company Account hereunder not later than the last day of each calendar month that the contributions made to the Basic Plan in respect of the DC Member for the same period are credited under the Basic Plan.

ARTICLE 5 – NOTIONAL INVESTMENT ALLOCATIONS

5.1 For the purposes of calculating notional investment income under a Member's Supplemental Company Account, the notional allocations made by the Company to a Member's Supplemental Company Account shall be based on the performance of the designated investment option(s) selected from time to time by the Company for the purposes of the Supplemental Plan, and such notional allocations may either be a positive or negative amount.

ARTICLE 6 – RETIREMENT BENEFITS

6.1 If a Member, other than a U.S. Member, retires in accordance with Section B.12.1 of the Basic Plan and has been a Member for two (2) continuous years of Pensionable Service, the Company will pay a Supplemental Benefit to the Member. The Supplemental Benefit payable under this Section 6.01 will be a lump sum payment equal to the balance in the Member's Supplemental Account at the date of payment, including notional investment allocations up to the last day of the month in which retirement occurs.

6.2 If a Member retires in accordance with Article B.12 of the Basic Plan and has been a Member for less than two (2) continuous years of Pensionable Service, no Supplemental Benefit shall be payable to the Member.

6.3 A U.S. Member shall receive a distribution of his or her Supplemental Benefit, if any, in accordance with Appendix B hereto.

ARTICLE 7 – TERMINATION BENEFITS

7.1 If a Member, other than a U.S. Member, terminates Service in accordance with Article B.14 of the Basic Plan and has been a Member for two (2) continuous years of Pensionable Service, the Company will pay a Supplemental Benefit to the Member. The Supplemental Benefit payable under this Section 7.01 will be a lump sum amount equal to the balance in the Member's Supplemental Company Account at the date of payment, including notional investment allocations up to the last day of the month in which termination occurs.

7.2 If a Member terminates in accordance with Article B.14 of the Basic Plan and has been a Member for less than two (2) continuous years of Pensionable Service, no Supplemental Benefit will be payable to the Member.

7.3 A U.S. Member shall receive a distribution of his or her Supplemental Benefit, if any, in accordance with Appendix B hereto.

ARTICLE 8 – DEATH PRIOR TO RETIREMENT OR TERMINATION

8.1 If a Member, other than a U.S. Member, dies after completing two (2) continuous years of Pensionable Service and his or her benefits are paid in accordance with Article B.13 of the Basic Plan, the Company will pay a Supplemental Benefit to the Spouse, or if there is no Spouse or if the Member and the Spouse have jointly waived the Spouse's entitlements under the Basic Plan, the Designated Beneficiary. The Supplemental Benefit will be a lump sum amount equal to the balance in the Member's Supplemental Company Account at the date of payment, including notional investment allocations up to the last day of the month in which death occurs.

8.2 If a Member dies before completing two (2) continuous years of Pensionable Service and his or her benefits are paid in accordance with Article B.13 of the Basic Plan, no Supplemental Benefit will be payable hereunder.

8.3 The Supplemental Benefit of a deceased U.S. Member shall be paid in accordance with Appendix B hereto.

ARTICLE 9 – FINANCING

9.1 A Member shall neither be required nor permitted to make any contributions to this Supplemental Plan.

9.2 Except as otherwise provided herein, payments to be made by the Company under this Supplemental Plan shall be paid solely out of the general funds of the Company then available for that purpose.

9.3 Prior to the Effective Date the Company shall establish, and shall maintain during the continuance of the Supplemental Plan, a Trust Fund pursuant to a Trust Agreement between the Company and the Trustee, for the purpose of providing security for the funding of the Trust Fund with proceeds of a Letter of Credit in the event that an Event of Default shall occur. Notwithstanding the foregoing, the Company may make contributions to the Trust Fund to fund the Liabilities in accordance with the Trust Agreement.

9.4 (a) The Company shall make payments to the Trust Fund in accordance with the Trust Agreement. All monies accruing to the Trust Fund shall be deposited into a separate account to the credit of the Trustee and shall not form part of the revenues or assets of the Company. The Trust Fund shall be administered in accordance with the Supplemental Plan and the assets of the Trust Fund other than the Letter of Credit held in the Trust Fund shall be invested in accordance with such directions as the Pension Committee may give. The Pension Committee, on terms and conditions satisfactory to it, may retain the services of an agent or agents or designate employees of the Company to invest or reinvest any of the assets of the Trust Fund other than the Letter of Credit held in the Trust Fund and may, but need not, delegate to any such agent, agents or employees any of the power or authority that may be vested in it in relation to the investment or reinvestment of any such assets.

(b) There shall be paid from the Trust Fund

(i) the costs of administering the Supplemental Plan and the Trust Fund, including taxes, to the extent that such costs are not borne by the Company, and

(ii) all Secured Benefits to be paid under the Supplemental Plan to the extent that such pensions and other benefits are not borne by the Company.

(c) Subject to the Actuary's recommendation, the Company shall contribute to the Trust Fund from time to time

(i) where the Supplemental Plan is to be fully funded, such amount as may be required to enable the Trust Fund to provide for payment of all of the Secured Benefits and administrative costs required to be paid under the Supplemental Plan,

(ii) where the Supplemental Plan is to be partially funded and partially secured, such amount as is sufficient to enable the Trustee to obtain or renew a Letter of Credit with a face amount at least equal to the Liabilities less the market value of the other assets of the Trust Fund as at the Liability Valuation Date,

(iii) where the Supplemental Plan is to be fully secured, such amount as is sufficient to enable the Trustee to obtain or renew a Letter of Credit with a face amount at least equal to the Liabilities less the market value of the other assets of the Trust Fund as at the Liability Valuation Date.

Where the Supplemental Plan is to be fully funded, and the Liabilities as at a Liability Valuation Date exceed the market value of the Supplemental Plan's assets as at such Liability Valuation Date, then the Company shall contribute the amount by which such Liabilities exceed such value of assets within two (2) months following such Liability

Valuation Date (with 50% of such excess deposited in the Trust Fund and 50% remitted to the Canada Revenue Agency as refundable tax).

9.5 (a) If the Company makes a contribution that is subsequently determined to be an overpayment, then such contribution shall be returned to the Company to the extent of the overpayment.

(b) If at any time the market value of the assets of the Trust Fund (including for greater certainty the face amount of any Letter of Credit held in the Trust Fund) exceeds the greater of the Liabilities and the ongoing liabilities in respect of Secured Benefits that, in the estimation of the Actuary, would exist twenty-four (24) months from the date of such estimate, the Company shall have the right to receive, upon demand for payment made to the Trustee, the payment of all or part of such excess.

(c) In the event of termination of the Supplemental Plan, amounts payable from the Trust Fund shall be limited to expenses and Secured Benefits in respect of Service up to the date of such termination.

(d) For greater certainty, nothing herein shall affect the Company's obligations to provide all benefits under the Supplemental Plan.

ARTICLE 10 – AMENDMENT OR TERMINATION OF SUPPLEMENTAL PLAN OR BASIC PLAN

10.1 The Company expects to continue the Supplemental Plan indefinitely, but nevertheless reserves the right to amend or discontinue the Supplemental Plan, provided that no such action shall adversely affect the aggregate of the benefits which have accrued under the Basic Plan and the Supplemental Plan immediately prior to the time such action is taken, based on:

(a) in the case of benefits payable on a defined contribution basis hereunder, the Member's Registered Company Account and Supplemental Company Account balances as of the date of such amendment or discontinuance; and

(b) in the case of benefits payable on a defined benefit basis hereunder, the Member's Pensionable Service, Highest Plan Earnings and Average Year's Maximum Pensionable Earnings as of the date of such amendment or discontinuance.

10.2 Any amendment to the Supplemental Plan shall be made by the adoption of a resolution of the Board unless the Board's power or authority to amend the Supplemental Plan has been delegated. All such amendments shall be binding upon the Company and upon each Member.

10.3 It is hereby acknowledged that the Supplemental Benefit payable pursuant to this Supplemental Plan is contingent on the continuation of the Basic Plan. In the event that the Basic Plan is discontinued or terminated, and not replaced by a successor pension plan within the meaning of the Pension Benefits Standards Act, 1985 (Canada), the amount of the Supplemental Benefit payable hereunder shall be determined based on the Member's Supplemental Company Account balance, Pensionable Service, Highest Plan Earnings and Average Year's Maximum Pensionable Earnings, as applicable, as at the date of such discontinuance or termination, unless otherwise determined by the Company. Notwithstanding the foregoing, the discontinuance or termination of the Basic Plan shall not adversely affect the aggregate of the benefits which have accrued

to the Member under the Basic Plan and the Supplemental Plan immediately prior to the time such action is taken.

10.4 If the Basic Plan is amended so that references thereto contained in the Supplemental Plan are no longer applicable, the Supplemental Plan shall be deemed to be amended accordingly. No such amendment will be considered to adversely affect any right with respect to benefits which have accrued in aggregate under the Basic Plan and the Supplemental Plan immediately prior to the time such action is taken.

10.5 If, after satisfactory provision for all Supplemental Plan Secured Benefits and expenses has been made following the full termination of the Supplemental Plan, surplus assets remain in the Trust Fund (which for greater certainty includes all applicable refundable taxes received or receivable by the Trust Fund) such surplus assets shall revert to the Company.

10.6 In the event that the Trust Fund is insufficient to make in full the payments required after all refundable tax payable to the Trust Fund is received by the Trustee, the Trustee shall, after provision for the payment of expenses, reduce the payments to Members, their Spouses or beneficiaries in proportion to the insufficiency, as determined by the Actuary, and provided that, in each case, the Trustee may provide for some benefits or partial benefits prior to the receipt of the refundable tax and the remaining benefits after the refundable tax is received.

10.7 Where an Event of Default occurs which results in a draw by the Trustee on the full amount of the Letter of Credit and the Company does not make arrangements enabling the Trustee to renew or replace the Letter of Credit in accordance with the Trust Agreement, the benefit accruals under the Supplemental Plan shall cease as of the date of the Event of Default.

In such event, solely for purposes of the calculation of benefits payable under the Supplemental Plan,

(a) the Supplemental Plan and the Basic Plan shall be deemed to be terminated as of the date of the Event of Default; and

(b) all Members shall be deemed to have terminated or retired, as the case may be, as of the date of the Event of Default.

Following the Event of Default, a Member (other than a U.S. Member), Former Member, or Pensioner (or his or her Spouse or Post-Retirement Spouse), as the case may be, may elect to receive a lump sum payment determined in accordance with Appendix A.7 in lieu of the retirement income, determined in accordance with Appendix A, otherwise payable, if any.

10.8 Where, following an Event of Default, a Representative Participant has been appointed in accordance with the Trust Agreement, the Representative Participant shall carry out such duties and responsibilities as set out in the Trust Agreement.

10.9 Where new amendments to the Supplemental Plan's benefit provisions that increase the Supplemental Plan's liabilities are adopted after a Liability Valuation Date, and such amendments are not reflected in the Actuary's computation of the Liabilities as at such date, such amended benefits will not be secured by either the Letter of Credit or any assets of the Trust Fund until three (3) months following the subsequent Liability Valuation Date, unless the Actuary prepares a report reflecting such amendments and the face amount of the Letter of Credit is amended to reflect the associated increase in Liabilities or, if the Supplemental Plan is being fully funded, the Company contributes an amount equal to the increase in Liabilities (with 50% of such amount deposited in the Trust Fund and 50% remitted to the Canada Revenue Agency as refundable tax).

ARTICLE 11 – ADMINISTRATION

11.1 The Company shall administer this Supplemental Plan and shall adopt such rules as it may deem necessary for its proper administration.

The Company shall have the powers necessary to carry out the administration of the Supplemental Plan, including, but not restricted to, the power:

(a) to determine all disbursements payable under the Supplemental Plan; and

(b) to resolve questions involving the interpretation and application of the provisions of the Supplemental Plan.

The Company's decision in all matters involving the interpretation and application of such rules shall be final, conclusive and binding.

11.2 The Pension Committee shall oversee the operation and administration of the Supplemental Plan and shall be responsible for the investment and/or securitization policies pertaining to, and the management of, the Trust Fund.

11.3 Any reference in the Supplemental Plan to any action to be taken, any consent, approval or opinion to be given, or any discretion or decision to be exercised or made by the Company, shall refer to Canadian Pacific Railway Company, acting through the Board or any other person or persons from time to time authorized by the Board for purposes of the Supplemental Plan. The Company may appoint one or more agents or committees to carry out any act or transaction required for the administration and management of the Supplemental Plan.

11.4 The Company shall ensure that each Member receives a written explanation of the provisions of the Supplemental Plan applicable to such Member together with an explanation of the rights and obligations of such Member with respect to the Supplemental Plan. A written explanation of any subsequent amendments to the Supplemental Plan shall be provided to each Member, or

other person entitled to a payment under the Supplemental Plan, who is or will be affected by the amendments.

11.5 Neither the Company nor any employee, officer or director thereof shall be liable to any person whatsoever for anything done or omitted to be done in respect of the administration of the Supplemental Plan, except where the act or omission was fraudulent or in bad faith on the part of the person against whom a claim is made.

11.6 The Company shall indemnify and save harmless any employee, officer or director of the Company from personal liability in respect of their respective acts or omissions in administering the Supplemental Plan, except where the act or omission was fraudulent or in bad faith on the part of the employee, officer or director.

11.7 Whenever the records of the Company are used for the purposes of the Supplemental Plan, such records shall be conclusive of the facts with which they are concerned.

11.8 Notwithstanding any other provision of the Supplemental Plan, no amount shall be payable to or in respect of a Member until the Member, Spouse or Designated Beneficiary, as applicable, has provided the Company with all information reasonably required to calculate and pay any amounts due under the Supplemental Plan and the Basic Plan.

11.9 If there is a dispute as to whether a person is a Spouse or other person entitled to payments hereunder, or where two or more persons make adverse claims in respect of a benefit, or where a person makes a claim that is inconsistent with information provided by the Member, the Company may obtain court directions and neither the Company nor the Supplemental Plan shall be held liable for any delays in payment of benefits hereunder as a result of any such dispute.

11.10 Where the Company is satisfied, on the basis of medical evidence, that a person entitled to receive any pension or lump sum under this Supplemental Plan is physically or mentally incompetent to receive it and there is no

guardian, curator, committee or other representative legally responsible for the estate of such person, the Company may make payment in trust for such person to such other person, group of persons or agency as, in the opinion of the Company, is best qualified to receive and administer the payment.

11.11 In the event that the Company pays an amount to or in respect of a Member in excess of the amount payable under the Supplemental Plan, the amount of the overpayment shall be repaid by the recipient forthwith upon demand for repayment by the Company. Alternatively, the Company may, in its sole discretion, reduce future amounts payable hereunder in respect of the Member in a manner as determined by the Company, on an Actuarial Equivalent basis.

11.12 (a) Each Member and each Spouse shall be given annually a written statement showing the pension benefit to which the Member is entitled at the end of the year.

(b) Each Member and Spouse may, once in each year of operation of the Supplemental Plan, either personally or by an agent authorized in writing for that purpose,

(i) examine the Supplemental Plan rules, the reports of the Actuary, the Trust Agreement, and the statement of investment policies at the head office of the Company or at such other place as is agreed to by the Company and the person requesting to examine the documents, and

(ii) order, in writing, a photocopy of any such documents and the Company shall comply with such order upon payment of such reasonable fee as the Company may fix.

(c) Where a Member retires or ceases to be a Member, the Company shall give to that Member and to the Spouse or Post-Retirement Spouse (and, in the case of the Member's death, to the Member's estate) a written statement of the Member's pension benefits and other benefits payable under the Supplemental Plan, within thirty (30) days after the

may be.

Retirement Date or the Date of Cessation of Membership, as the case

ARTICLE 12 – GENERAL CONDITIONS

12.1 The adoption and maintenance of this Supplemental Plan shall not be deemed to constitute a contract of employment between the Company and any Member. Nothing contained herein shall be deemed to give to any Member the right to be retained in the service of the Company or to interfere with the right of the Company to terminate the employment of such Member at any time without regard to the effect such treatment might have under the Supplemental Plan upon such Member.

12.2 Notwithstanding Appendix A and the form and manner in which benefits are paid to such person under the Basic Plan, the Company may, in its discretion, require the Member, Spouse or Designated Beneficiary entitled to receive benefits in accordance with Appendix A, as applicable, to receive any Supplemental Benefit payable under Appendix A in a lump sum, in instalments or as a retirement income in the form and manner determined by the Company, in full satisfaction of all rights of the Member, Spouse or Designated Beneficiary under the Supplemental Plan. Such lump sum or retirement income shall be the Actuarial Equivalent of the Supplemental Benefit otherwise payable under Appendix A, where applicable.

12.3 (a) All benefits to which a person is, or may become, entitled pursuant to this Supplemental Plan are for the support and maintenance of such person and may not in any manner, in whole or in part, be assigned, alienated, sold, transferred, pledged, hypothecated, encumbered or charged and, except as otherwise required by law, shall not be subject to attachment or otherwise by, or on behalf of, the creditors of such person.

(b) Notwithstanding Section 12.03(a), pursuant to a lawful decree, order or judgment of a competent tribunal, a benefit payable under this Supplemental Plan may be subject to execution, seizure or attachment in satisfaction of an order for support or maintenance or may be assigned, pledged, charged, encumbered or alienated to satisfy a division of matrimonial property.

12.4 (a) Supplemental Benefits under this Supplemental Plan shall on divorce, annulment or separation be subject to applicable provincial property law.

(b) A Member or Former Member may, by written agreement, assign, effective as of divorce, annulment or separation, all or part of that Member's or Former Member's pension benefit, pension benefit credit or other benefit under the Supplemental Plan to the Member's or Former Member's former Spouse. In the event of such an assignment, the former Spouse shall, in respect of the assigned portion of the Supplemental Benefit, be deemed

(i) to have been a Member, and

(ii) to have ceased to be a Member as of the effective date of the assignment,

but a subsequent spouse of the former Spouse is not entitled to any Supplemental Benefit in respect of that assigned portion.

(c) All or part of a Member's or Former Member's Supplemental Benefit under the Supplemental Plan may be assigned to the Member's or Former Member's former Spouse by court order pursuant to applicable provincial property law.

(d) Where all or part of a Supplemental Benefit of a Member or Former Member is required to be distributed to the Member's or Former Member's former Spouse under a court order or an agreement between the spouses, the Supplemental Benefit may be adjusted so that it becomes payable as two separate pensions, one to the Member or Former Member and the other to the Member's or Former Member's former Spouse, provided that the aggregate of the Actuarial Equivalent lump sum value of the two benefits is not less than the Actuarial Equivalent lump sum value of the benefit.

(e) The aggregate of

(i) the Actuarial Equivalent lump sum value of the Supplemental Benefit paid to a Member or Former Member, and

(ii) the Actuarial Equivalent lump sum value of the Supplemental Benefit paid to the former Spouse of the Member or Former Member

pursuant to this paragraph shall not be greater than the Actuarial Equivalent lump sum value of the Supplemental Benefit, as the case may be, that would have been payable to the Member or Former Member had the divorce, annulment or separation not occurred. The Actuarial Equivalent lump sum value shall be determined in accordance with generally accepted actuarial principles for the computation of transfer values from registered pension plans, including, where applicable, the adjustment described in paragraph A.7.01(b).

12.5 No pension, Supplemental Company Account balance or any other benefit under this Supplemental Plan shall be due or commence to be paid to a Member, Former Member, Spouse or Post-Retirement Spouse before any corresponding pension or other benefit of the Member, Former Member, Spouse or Post-Retirement Spouse under the Basic Plan has become due and commenced to be paid.

12.6 Article and Section headings are convenient references only and shall not be deemed to be a part of the substance of the Supplemental Plan or in any way to enlarge or limit the contents of any Article or Section.

12.7 In the event that any provision of this Supplemental Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Supplemental Plan shall be construed and enforced as if such illegal and invalid provision never existed.

12.8 Subject to Article 9, the Member and any person claiming a benefit through him shall have recourse only to the Company for any Supplemental Benefit

payable under this Supplemental Plan. Without restricting the generality of the foregoing, the directors, officers and other employees of the Company shall not be liable to any person for any Supplemental Benefit payable hereunder.

12.9 (a) This Supplemental Plan shall be construed in accordance with the laws of Canada applicable therein, except for those rights and obligations that are solely within the jurisdiction of a province or other competent authority.

(b) All matters in dispute between parties in relation to the Supplemental Plan shall be finally and conclusively resolved by way of arbitration before an arbitration panel. The provisions of the Arbitration Act (Alberta) and the rules and regulations thereof, where not inconsistent herewith, shall apply. The arbitration panel shall consist of a single arbitrator if the parties agree upon one. If the parties do not agree, the arbitration panel shall consist of three arbitrators, one to be appointed by each party and a third to be chosen by the first two named. The decision of the arbitration panel shall be binding upon the parties and their respective successors and assigns. The arbitration panel may award costs in respect of an arbitration in its sole discretion. All decisions of the arbitration panel shall be final and shall not be subject to appeal.

12.10 All amounts payable under this Supplemental Plan shall be construed as being expressed in the lawful currency of Canada.

12.11 All amounts payable under this Supplemental Plan shall be subject to deductions at source for income taxes or other assessments as may be required by law.

12.12 This Supplemental Plan shall enure to the benefit of and be binding upon the Company and its successors and assigns, the Members and their respective heirs, executors, administrators and assigns.

Appendix A – Defined Benefit Provisions

Article A.1 – Definitions

Only a Member described in Section 3.01 shall be eligible for benefits under this Appendix A, and only for that portion of Pensionable Service, if any, for which the Member is entitled to defined benefits under the Basic Plan.

In this Appendix A and throughout the Supplemental Plan, unless the context clearly indicates otherwise, the following terms have the following meanings:

A.1.1 "American Act" shall have the same meaning as in the Basic Plan.

A.1.2 "Averaged Incentive Compensation" shall have the same meaning as in the Basic Plan.

A.1.3 "Canadian Act" means the Canada Pension Plan or an Act Respecting the Quebec Pension Plan, both as amended from time to time.

A.1.4 "Canadian Average Industrial Wage" shall have the same meaning as in the Basic Plan.

A.1.5 "Consumer Price Index" shall have the same meaning as in the Basic Plan.

A.1.6 "DB Pension Benefits" means the benefits provided under the Supplemental Plan which are not DC Pension Benefits.

A.1.7 "DB Pensionable Service" means only that portion of Pensionable Service, if any, recognized in determining a Member's defined benefits under the Basic Plan.

A.1.8 "Deemed Earnings" shall have the same meaning as in the Basic Plan.

A.1.9 "Deemed Initial Average Earnings" means the average monthly salary of a Member during the sixty (60) calendar months immediately preceding the month in which the Member became a member of the Basic Plan; and for any month in that period during which the Member was not an Employee, the salary of the Member shall be deemed to be the Member's basic monthly salary in the month in which the Member became a member of the Basic Plan multiplied by the Canadian Average Industrial Wage for the

month in question and divided by the Canadian Average Industrial Wage Index for the month in which the Member became a member of the Basic Plan.

A.1.10 "Deemed Pensionable Service" means Pensionable Service calculated as if such Pensionable Service had commenced on the first day of the month following the date the Member attained age thirty-five (35).

A.1.11 "Deemed Prior Service" means the excess, if any, of a Member's Deemed Pensionable Service over the Member's Pensionable Service.

A.1.12 "Early Retirement Date" shall have the same meaning as in the Basic Plan.

A.1.13 "Earnings" means the salary paid to a Member by the Company, and includes Deemed Earnings.

A.1.14 "Executive Member" means a member of the Executive Plan or a member of the executive group of the Company, as designated by the Company from time to time.

A.1.15 "Former Member" means a person who has ceased membership in the Supplemental Plan.

A.1.16 "Highest Plan Earnings" shall have the same meaning as in the Basic Plan as such definition applies to a Member. For greater certainty such definition shall apply to all periods of a Member's Pensionable Service.

A.1.17 "Interest" means, with respect to any period, the rate of interest that applies in respect of that period under the Basic Plan.

A.1.18 "Late Retirement Date" shall have the same meaning as in the Basic Plan.

A.1.19 "Pension Accrued" means as at any date, the pension in respect of DB Pension Benefits only to which a Former Member is entitled or to which a Member would be entitled at the Date of Cessation of Membership.

A.1.20 "Pensioner" means a person who, having been a Member or Former Member, has become entitled to the payment of a pension under this Supplemental Plan.

A.1.21 “Retirement Date” means a Normal Retirement Date, Early Retirement Date or Late Retirement Date, as the case may be.

A.1.22 “Separation from Service” means a U.S. Member’s separation from service within the meaning of Section 409A of the U.S. Code.

A.1.23 “Year’s Maximum Pensionable Earnings” means Year’s Maximum Pensionable Earnings as defined under the Basic Plan.

Article A.2 – Pension Formula

A.2.1 In respect of a Member whose DB Pensionable Service was all in Canada, the Supplemental Benefit shall be an amount, calculated as at a Member's Date of Cessation of Membership, equal to

(a) the sum of

(i) two percent (2%) of the Member's Highest Plan Earnings multiplied by the Member's DB Pensionable Service in Canada before January 1, 1966,

(ii) one and three-tenths percent (1.3%) of the Member's Highest Plan Earnings up to the Average Year's Maximum Pensionable Earnings multiplied by the Member's DB Pensionable Service in Canada after December 31, 1965, and

(iii) two percent (2%) of the Member's Highest Plan Earnings in excess of the Average Year's Maximum Pensionable Earnings multiplied by the Member's DB Pensionable Service in Canada after December 31, 1965,

less

(b) the amount of the Member's pension accrued in respect of that Service under the Basic Plan.

A.2.2 In respect of a Member whose DB Pensionable Service includes Service outside Canada, the Supplemental Benefit shall be an amount, calculated as at the Member's Date of Cessation of Membership, equal to

(a) two percent (2%) of the Member's Highest Plan Earnings multiplied by the Member's DB Pensionable Service;

less

(b) the sum of

(i) the amount of the Member's pension accrued in respect of that Service under the Basic Plan,

(ii) the pension, if any, to which the Member is entitled under the applicable Canadian Act,

(iii) the pension, if any, to which the Member is entitled under the applicable American Act, and

(iv) the pension, if any, to which the Member is entitled under a pension plan sponsored by the government of a country other than Canada or the United States and to which the Company contributed in respect of the Member.

A.2.3 (a) Paragraph A.2.03(b) shall only apply in the case of a Member who:

(i) was a member of the Executive Plan as of December 31, 2010;

(ii) has completed five (5) years of Pensionable Service; and

(iii) (A) was a member of the Executive Plan as of December 31, 2000 and elected to continue to accrue defined benefits under the Basic Plan as of January 1, 2001; or

(B) was hired on or after January 1, 2001 and prior to July 1, 2010 as a member of the Company's executive group and elected at the time of such hiring to accrue defined benefits under the Basic Plan.

(b) For a Member who satisfies the criteria in paragraph A.2.03(a), subject to paragraph A.2.04, where,

(i) the sum of

(A) the Member's Supplemental Benefit calculated in accordance with paragraph A.2.01 or A.2.02, as the case may be,

(B) the pension, if any, to which the Member is entitled under the applicable Canadian Act,

(C) the pension, if any, to which the Member is entitled under the applicable American Act,

(D) the pension, if any, to which the Member is entitled under a pension plan sponsored by the government of a country other than Canada or the United States and to which the Company contributed in respect of the Member, and

(E) the Member's pension accrued under the Basic Plan;

is less than

(ii) the excess of

(A) two percent (2%) of the Member's Highest Plan Earnings multiplied by the Member's Deemed Pensionable Service,

over

(B) two percent (2%) of the Member's Deemed Initial Average Earnings multiplied by the Member's Deemed Prior Service,

the Supplemental Benefit calculated in accordance with paragraph A.2.01 or A.2.02, as the case may be, shall be increased by the amount of the shortfall.

A.2.4 Upon retirement or termination of employment, a Member who was a member of the Executive Plan as of December 31, 2000 shall, in respect of the Supplemental Benefit determined under Article A.3 or paragraph A.5.01, as applicable, not receive less than such Supplemental Benefit calculated using the provisions in effect as at December 31, 2000 under paragraph 6.03 of the Executive Plan, and in applying those provisions, using:

(a) Deemed Pensionable Service as defined in the Executive Plan as of December 31, 2000, including the relevant vesting provisions in respect thereof; and

(b) the Executive Plan early retirement reduction factors in effect as of December 31, 2000.

A.2.5 Notwithstanding any other provision of the Supplemental Plan, where an Employee:

(a) is transferred to a foreign subsidiary of the Company ("Foreign Subsidiary"), and immediately following such transfer holds a position graded MM1 or higher (or equivalent classification under any of the Company's salary plans),

(b) is subsequently transferred from the Foreign Subsidiary to the Company and immediately upon transferring from the Foreign Subsidiary to the Company commences accruing DB Pensionable Service as a Member, and

(c) does not, prior to the Date of Cessation of Membership, withdraw any benefit entitlements from any pension plan operated by the Foreign Subsidiary,

then, for purposes of the Supplemental Plan,

(d) the Member's cumulative uninterrupted pensionable service while an Employee and while an employee of any Foreign Subsidiary shall be taken into account in determining eligibility for any benefit under the Supplemental Plan,

(e) if the Member was accruing Pensionable Service on a defined benefit basis under the Basic Plan at the time of the transfer in subparagraph (a), then the Member's cumulative uninterrupted pensionable service with the Foreign Subsidiary shall be included in DB Pensionable Service,

(f) if the Member was accruing Pensionable Service on a defined contribution basis under the Basic Plan at the time of transfer in subparagraph (a), then the Member's cumulative uninterrupted pensionable service with the Foreign Subsidiary commencing from the January 1 coincident with or first following the Member's attainment of age 45 shall be included in DB Pensionable Service, and

(g) the Actuarial Equivalent of any benefits accrued to the Member under the Supplemental Plan shall be reduced by the Actuarial Equivalent of any benefits

under any pension plans operated by the Foreign Subsidiary that accrued to the Member in respect of any service included in DB Pensionable Service.

A.2.6 For the purpose of calculating an amount of Supplemental Benefit under this article, the Member's right to receive a pension under the Basic Plan shall be deemed to have vested in respect of all Pensionable Service under that plan.

A.2.7 For greater certainty, in determining the amount of Supplemental Benefit payable under this Article A.2, the amount of pension payable under the Basic Plan shall include any amount payable thereunder to any former Spouse of the Member.

A.2.8 (a) Where a Member ceases to hold a position graded MM1 or higher (or equivalent classification under any of the Company's salary plans), and the Member does not subsequently hold a position graded MM1 or higher (or equivalent classification under any of the Company's salary plans), then any benefits to which the Member shall be entitled under the Supplemental Plan shall be determined in accordance with this Section A.2.08.

(b) For purposes of this Section A.2.08, "Demotion Date" means the date that the Member ceases to hold a position graded MM1 or higher (or equivalent classification under any of the Company's salary plans).

(c) Upon the Member's Date of Cessation of Membership, the Member's benefit from the Supplemental Plan shall be determined as the excess, if any, of (i) over (ii) where:

(i) is the aggregate of the benefits that would have been payable from the Basic Plan and the Supplemental Plan in respect of DB Pensionable Service if the Member had ceased to be a Member as at the Demotion Date, except that the Member's eligibility for such benefits is to be determined with respect to the Member's age and Pensionable Service as at the Date of Cessation of Membership, and

(ii) is the portion of the benefits payable from the Basic Plan as at the Date of Cessation of Membership that is in respect of DB Pensionable Service as at the Demotion Date.

Article A.3 – Amount of Pension

A.3.1 A Member or Former Member who retires at the Normal Retirement Date shall be entitled to a Supplemental Benefit equal in amount to

(a) if the Member or Former Member has no Spouse at the Retirement Date, the Supplemental Benefit calculated in accordance with Article A.2;

(b) if the Member or Former Member has a Spouse at the Retirement Date and the Spouse has elected in prescribed form to receive the Supplemental Benefit described in clause A.6.06(a)(i), as adjusted in accordance with paragraph A.6.07 if applicable, the Supplemental Benefit calculated in accordance with Article A.2; or

(c) if the Member or Former Member has a Spouse at the Retirement Date and the Spouse has not elected in the manner referred to in subparagraph (b), the Actuarial Equivalent of the Supplemental Benefit calculated in accordance with Article A.2.

A.3.2 (a) Subject to paragraph A.3.04, where a Member retires with the Company's consent at an Early Retirement Date and the sum of the Member's age and Pensionable Service is at least eighty-five (85) years, the Member is entitled to a Supplemental Benefit equal in amount to

(i) if the Member has no Spouse at the Retirement Date, the Supplemental Benefit calculated in accordance with Article A.2,

(ii) if the Member has a Spouse at the Retirement Date and the Spouse has elected in prescribed form to receive the Supplemental Benefit described in clause A.6.06(a)(i), as adjusted in accordance with paragraph A.6.07 if applicable, the Supplemental Benefit calculated in accordance with Article A.2, or

(iii) if the Member has a Spouse at the Retirement Date and the Spouse has not elected in the manner referred to in clause (ii), the Actuarial

Equivalent of the Supplemental Benefit calculated in accordance with Article A.2.

(b) (i) Subject to clause (ii), in all other cases where a Member or Former Member retires at an Early Retirement Date and has at least two (2) continuous years of Pensionable Service, the Member or Former Member is entitled to a Supplemental Benefit equal to the Actuarial Equivalent of the Supplemental Benefit otherwise payable from the Normal Retirement Date.

(ii) (A) Where an Executive Member retires at an Early Retirement Date and does not satisfy the eligibility requirements under subparagraph A.3.02(a), such Member is entitled to a Supplemental Benefit commencing as of the Member's Early Retirement Date, equal to:

(1) the Supplemental Benefit calculated in accordance with Article A.2 before the offset for the Member's pension accrued under the Basic Plan but calculated without regard to paragraph A.2.04, reduced by one-twelfth (1/12) of six percent (6%) times the number of complete or partial months, if any, by which the Member's Early Retirement Date precedes his sixtieth (60^{th}) birthday,

less

(2) the Executive Member's pension accrued under the Basic Plan commencing as of the Member's Early Retirement Date.

(B) An Executive Member, other than a U.S. Member, who has not attained age sixty (60) who is entitled to a Supplemental Benefit pursuant to clause (ii)(A) may elect, in lieu thereof, to defer the commencement of his Supplemental Benefit under both the Supplemental Plan and the Basic Plan to the last day of any month between his Early Retirement Date and the month in

which his sixtieth (60^{th}) birthday occurs (with payments made monthly in arrears). If a Executive Member so elects to defer commencement of his Supplemental Benefit, his Supplemental Benefit shall equal:

(1) the Supplemental Benefit calculated in accordance with Article A.2 before the offset for the Executive Member's pension accrued under the Basic Plan but calculated without regard to paragraph A.2.04, reduced by one-twelfth (1/12) of six percent (6%) times the number of complete or partial months by which the Executive Member's pension commences prior to his sixtieth (60^{th}) birthday,

less

(2) the Executive Member's pension accrued under the Basic Plan commencing as of the same date.

A.3.3 A Member who retires at a Late Retirement Date and who has at least two (2) continuous years of Pensionable Service shall be entitled to a Supplemental Benefit equal in amount to:

(a) if the Member has no Spouse at the Retirement Date, the Supplemental Benefit calculated in accordance with Article A.2,

(b) if the Member has a Spouse at the Retirement Date and the Spouse has elected in prescribed form to receive the Supplemental Benefit described in clause A.6.06(a)(i), as adjusted in accordance with paragraph A.6.07 if applicable, the Supplemental Benefit calculated in accordance with Article A.2,

(c) if the Member has a Spouse at the Retirement Date and the Spouse has not elected in the manner referred to in subparagraph (b), the Actuarial Equivalent of the Supplemental Benefit calculated in accordance with Article A.2.

A.3.4 An Executive Member who, upon the occurrence of a Change in Control, has attained age fifty-five (55) and whose age and Pensionable Service is at least eighty-five (85)

years is entitled, upon retirement at an Early Retirement Date, without the need for the Company's consent, to a Supplemental Benefit computed in accordance with the formula in subparagraph A.3.02(a).

A.3.5 For greater certainty, in determining the amount of Supplemental Benefit payable under Section A.3.02, the amount of pension accrued under the Basic Plan shall include any amount payable thereunder to any former Spouse of the Member.

A.3.6 (a) The pension payable to any Pensioner, other than a U.S. Member, of less than seventy (70) years of age employed by the Company shall, with the approval of the Pensioner, be suspended during the period of such employment.

(b) Payment of a pension suspended pursuant to subparagraph (a) shall recommence on the first day of the month following the earlier of

(i) the day the Pensioner attains the age of seventy (70) years, and

(ii) termination of the period of employment,

and the amount of pension payable to the Pensioner shall be increased so that the value of the pension is Actuarially Equivalent to the value of the pension immediately prior to the period of suspension of payment.

(c) The Retirement Date of a Pensioner shall not be affected by the suspension or consequent adjustment of a pension pursuant to this paragraph.

Where a Pensioner whose pension has at any time been suspended pursuant to subparagraph A.3.06(a) dies, the benefit to which the Spouse or Post-Retirement Spouse is entitled under Article A.6 shall be calculated on the basis of the pension the Pensioner was receiving at the time of death; and where the Pensioner dies while employed by the Company, the pension shall be increased as if the Pensioner had terminated employment on the date of death and not died.

Article A.4 – Payment of Pension

A.4.1 (a) Supplemental Benefits payable under this Appendix A shall be paid in monthly instalments by the Company, or following an Event of Default where the Trustee is required to pay Secured Benefits, out of the Trust Fund or otherwise pursuant to the terms of the Trust Agreement or Article A.7. The first instalment paid by the Company shall, unless otherwise determined by the Company, be made on or about the fifteenth (15th) day after the end of the calendar month following the Member's Retirement Date. Thereafter, instalments made by the Company shall, unless otherwise determined by the Company, be made on or about the last day of each month throughout the lifetime, including the month of death of the Pensioner.

(b) Following the death of a Pensioner, monthly instalments, determined in accordance with Article A.6, shall be paid to the Pensioner's Spouse or Post-Retirement Spouse, as the case may be, if any, commencing with the month following the month of death of the Pensioner, throughout the lifetime, including the month of death, of the Spouse or Post-Retirement Spouse.

A.4.2 Optional Forms of Pension

A Member may, instead of the normal form, elect, prior to the Retirement Date, one of the optional forms of pension specified in this paragraph A.4.02, provided the Member has made an identical election under the Basic Plan. The optional form of pension shall be Actuarially Equivalent to the applicable normal form of pension described in Article A.3 and paragraph A.4.01.

(a) Life Annuity with a Guaranteed Period

A Member who does not have a Spouse at his Retirement Date may elect a reduced amount of lifetime pension with a guaranteed term of either 120 or 180 months. For greater clarity, in the event the Member dies prior to the end of such guaranteed term, the remaining guaranteed period and payments shall be completed prior to any payments pursuant to subparagraph A.6.06(b).

(b) Life Annuity Continuing to Spouse

A Member who has a Spouse at his Retirement Date may elect a reduced amount of pension in a joint and survivor form on the lives of the Member and Spouse. Following the death of the Member, sixty per cent (60%), eighty per cent (80%), or one hundred per cent (100%), as elected by the Member, is payable to the Spouse if surviving, during the continued lifetime of the Spouse.

(c) An election to receive an optional form of retirement pension under this paragraph may be revoked or changed provided either:

(i) written notice of such revocation or change is received from the Member by the Company at least 30 days prior to payment of the first instalment of the pension benefit; or

(ii) the Spouse under a surviving spouse option has died prior to payment of the first instalment of the pension benefit to the Member.

A.4.3 Effective for Supplemental Benefits which are payable to or with respect to a U.S. Member, such Supplemental Benefits shall be payable pursuant to Appendix B hereto, and paragraphs A.4.01 through A.4.02 shall not apply to such benefits.

Article A.5 – Termination of Employment

A.5.1 (a) On termination of employment, a Member who has at least two (2) continuous years of Pensionable Service is entitled to a Supplemental Benefit equal to the Actuarial Equivalent lump sum value of the Member's Pension Accrued to the Date of Cessation of Membership, adjusted in accordance with subparagraph A.7.01(b).

(b) In lieu of the Supplemental Benefit calculated in accordance with subparagraph (a), if the Member has made an election under the Basic Plan to receive a pension in lieu of a lump sum, the Member shall receive a Supplemental Benefit calculated in accordance with Article A.2, commencing at the Member's Normal Retirement Date.

(c) For greater certainty, except following termination of the Supplemental Plan, if, on termination of employment, a Member has less than two (2) continuous years of Pensionable Service, the Member is not entitled to any Supplemental Benefit under the Supplemental Plan.

(d) Subject to paragraph A.5.04, in the event an Executive Member's employment is terminated involuntarily without cause, the Company may, at the sole discretion of the President of the Company,

(i) if such Executive Member's termination occurs prior to his attainment of age fifty-five (55), permit the Executive Member to receive a Supplemental Benefit commencing on the last day of the month in which the Executive Member attains his sixtieth (60^{th}) birthday (with payments made monthly in arrears) equal to:

(A) the Supplemental Benefit calculated in accordance with Article A.2 before the offset for the Executive Member's pension accrued under the Basic Plan but calculated without regard to paragraph A.2.04,

less

(B) the Member's pension accrued under the Basic Plan commencing as of the same date,

or a reduced Supplemental Benefit commencing on the last day of any month between his fifty-fifth (55^{th}) and sixtieth (60^{th}) birthdays (with payments made monthly in arrears) equal to:

(C) the Supplemental Benefit calculated in accordance with Article A.2 before the offset for the Member's pension accrued under the Basic Plan but calculated without regard to paragraph A.2.04, reduced by one-twelfth (1/12) of six percent (6%) times the number of complete or partial months by which the Member's Supplemental Benefit commences prior to his sixtieth (60^{th}) birthday,

less

(D) the Member's pension accrued under the Basic Plan commencing as of the same date; or

(ii) If such Member has less than five (5) years of Pensionable Service, waive the five (5) year vesting requirement described in clause A.2.03(a)(ii) when calculating the Member's Supplemental Benefit in accordance with Article A.2.

A.5.2 In this Article, "termination of employment" means cessation of membership in the Supplemental Plan other than by retirement or death.

A.5.3 No Supplemental Benefit to which the Member is entitled under this Article shall be paid otherwise than as a pension, or in accordance with Article A.7.

A.5.4 Executive Members who, upon the occurrence of a Change in Control, have not attained age fifty-five (55) and who are subsequently involuntarily terminated without cause as a consequence of the Change in Control and prior to attainment of age fifty-five (55) are entitled to a Supplemental Benefit computed in accordance with clause A.5.01(d)(i) without the need for the exercise of discretion by the President of the Company.

A.5.5 Supplemental Benefits which are payable to or with respect to a U.S. Member shall be payable pursuant to Appendix B hereto, and paragraphs A.5.01 through A.5.03 shall not apply.

Article A.6 – Death Benefits

A.6.1 (a) Where a Member dies before becoming eligible for early retirement, the Member is deemed to have terminated Service on the date of death and, provided that the Member had at least two (2) continuous years of Pensionable Service, the Spouse is entitled to receive the Supplemental Benefit as a lump sum calculated in accordance with subparagraph A.5.01(a).

(b) In lieu of the benefit provided for in subparagraph (a), if the Spouse has made an election under the Basic Plan to receive a pension in lieu of a lump sum, the Spouse shall receive the Supplemental Benefit as a pension commencing at Normal Retirement Date that is Actuarially Equivalent to that benefit.

A.6.2 (a) Where a Member dies before becoming eligible for early retirement and has at least fifteen (15) years of Pensionable Service and the sum of the Member's age and Pensionable Service is at least sixty (60) years, the Spouse shall receive, in lieu of the benefit provided for in paragraph A.6.01, a Supplemental Benefit that is the greater of

(i) the lump sum calculated in accordance with subparagraph A.5.01(a), and

(ii) fifty percent (50%) of the Actuarial Equivalent lump sum value of the Member's Pension Accrued to the Date of Cessation of Membership, calculated as if payable to the Spouse from the end of the month of death.

(b) In lieu of the Supplemental Benefit provided for in subparagraph (a), if the Spouse has made an election under the Basic Plan to receive a pension in lieu of a lump sum, the Spouse shall receive a pension payable from the end of the month of death that is Actuarially Equivalent to that benefit.

A.6.3 Where a Former Member dies before becoming eligible for early retirement, the Spouse is entitled to receive a Supplemental Benefit payable as a pension commencing at Normal Retirement Date that is Actuarially Equivalent to the lump sum calculated in accordance with subparagraph A.5.01(a).

A.6.4 Where a Member or Former Member dies after becoming eligible for early retirement, but before retirement, the Spouse is entitled to receive a Supplemental Benefit payable as a pension equal to sixty per cent (60%) of the aggregate pension from the Basic Plan and the Supplemental Plan less the amount paid from the Basic Plan that the Member or Former Member would have been entitled to receive had the Member or Former Member elected to retire on the date of death.

A.6.5 Where a Member dies after becoming eligible for early retirement, but before retirement, and had at least fifteen (15) years of Pensionable Service and the sum of the Member's age and Pensionable Service is at least sixty (60) years, the Spouse shall receive, in lieu of the benefit provided for in paragraph A.6.04, a Supplemental Benefit that is the greater of

(a) the pension calculated in accordance with paragraph A.6.04,

and

(b) a pension equal to fifty per cent (50%) of the Member's Pension Accrued to the Date of Cessation of Membership.

A.6.6 (a) Where a Pensioner dies, the Spouse of the Pensioner at the Retirement Date is entitled to a Supplemental Benefit equal to,

(i) if the Spouse elected in prescribed form in accordance with Article A.3, fifty per cent (50%) of the pension that the Pensioner was receiving, or

(ii) if the Spouse did not elect in prescribed form in accordance with Article A.3, then, sixty per cent (60%), or eighty per cent (80%), or one hundred per cent (100%) of the pension the Pensioner was receiving as elected by the Pensioner under paragraph A.4.02(b);

provided however, that if such Spouse and the Pensioner were parties to a valid agreement or court order determining their entitlement to pension assets effective as of divorce, annulment or separation, the Spouse's entitlement to the pension assets shall be determined by the agreement or court order.

(b) Where a Pensioner dies and the Pensioner

(i) had no Spouse at the Retirement Date,

(ii) had a Spouse at the Retirement Date whose entitlement in respect of the Pensioner's pension assets was determined by a valid agreement or court order effective as of divorce, annulment or separation, or

(iii) had a Spouse at the Retirement Date who predeceased the Pensioner,

the Pensioner's Post-Retirement Spouse is entitled to a pension equal to fifty per cent (50%) of the pension that the Pensioner was receiving and of any pension payable to the Pensioner's Spouse that ceased being payable to the Spouse on the death of the Pensioner, subject, however, to any continuing entitlement of the Spouse at Retirement Date to the Pensioner's pension assets pursuant to a valid agreement or court order effective as of divorce, annulment or separation.

A.6.7 Notwithstanding anything contained elsewhere in this Article, where a Spouse or Post-Retirement Spouse, as the case may be, has elected to receive, or will by operation of this Article receive, a pension or a lump sum under clause A.6.02(a)(ii), subparagraph A.6.05(b), clause A.6.06(a)(i) or subparagraph A.6.06(b) and the Spouse or Post-Retirement Spouse, as the case may be, is more than ten (10) years younger than the Pensioner, the pension or lump sum to the Spouse or Post-Retirement Spouse shall be reduced by one per cent (1%) for each complete year of difference in their ages beyond ten (10) years and the reduction in respect of any remaining portion of a year of difference shall be calculated proportionately.

A.6.8 No Supplemental Benefit to which a Spouse is entitled under this Article shall be paid otherwise than

(a) as a pension, or

(b) in accordance with Article A.7.

A.6.9 Supplemental Benefits which are payable to or with respect to a U.S. Member shall be payable pursuant to Appendix B hereto, and paragraphs A.6.01 through A.6.08 shall not apply.

Article A.7 – Portability

A.7.1 (a) A Member, other than a U.S. Member, who

(i) is entitled to a Supplemental Benefit in accordance with either Article A.3 or Article A.5; and

(ii) has elected under the Basic Plan to transfer the Actuarial Equivalent lump sum value of the Basic Plan benefit to which he is entitled,

shall be required to receive the Supplemental Benefit described in clause (i) by way of an Actuarial Equivalent lump sum cash payment. No lump sum shall be paid in respect of a Member before the payment of any corresponding lump sum to which a Former Member or Spouse is entitled under the Basic Plan has been paid.

(b) The calculation of the Actuarial Equivalent lump sum described in subparagraph (a) shall include an adjustment for the accelerated taxation of such lump sum benefit, determined in accordance with the administrative practice adopted by the Company.

(c) For a Member for whom clause A.5.01(d)(i) applies, the Actuarial Equivalent lump sum described in subparagraph (a) shall equal the Actuarial Equivalent of the reduced pension to which the Member is entitled if such pension were to commence on the last day of the month in which he attains age fifty-five (55) (with payments made monthly in arrears).

A.7.2 Except where an Event of Default has occurred, no lump sum shall be paid in respect of a Member before the payment of any corresponding lump sum to which a Former Member or Spouse is entitled under the Basic Plan has been paid.

A.7.3 The Former Member or Spouse shall notify the Company of any direction as to the application of any lump sum under this Article.

A.7.4 Interest shall be paid on any amount paid in accordance with this Article A.7 from the day following the Date of Cessation of Membership to the last day of the month preceding the month in which the amount is paid.

A.7.5 The sex of a Member or Former Member or of that person's Spouse shall not be taken into account for purposes of determining the amount of any benefit to which the Member or Former Member or that person's Spouse becomes entitled under the Supplemental Plan.

A.7.6 The payment of the Supplemental Benefit in the form of a lump sum shall serve as a full discharge of all rights of the Member to benefits under the Supplemental Plan.

Article A.8 – Indexation

A.8.1 This Article shall apply to Pensioners, Spouses and Post-Retirement Spouses who, on the first day of January of any year, are

(a) Pensioners who as of December 31st of the immediately preceding year have reached the age of sixty-five (65) and have been retired for at least five (5) years,

(b) Spouses or Post-Retirement Spouses, as the case may be, of deceased Pensioners who, had they not died, would have been Pensioners described in subparagraph (a), and

(c) Spouses of Members who died in Service, who as of December 31st of the immediately preceding year, have been deceased for at least five (5) years and, had they not died, would have reached the age of sixty-five (65).

A.8.2 On the first day of January of each year the pensions then payable to all persons to whom this Article applies shall be increased in accordance with paragraph A.8.03.

A.8.3 The amount by which any pension shall be increased shall be calculated by multiplying

(a) the lesser of

(i) fifty per cent (50%) of the annual rate of increase in the Consumer Price Index during the twelve (12) month period ending on the immediately preceding September 30th, and

(ii) three per cent (3%)

by

(b) the lesser of

(i) the sum of the monthly pension then payable under the Supplemental Plan and of the monthly pension then subject to indexation under the Basic Plan, and

(ii) (A) $1,500 per month, plus

(B) in the case of DB Members with Pension Accrued on or after January 1, 2001, 75% of the amount of pension payable to that person which is in excess of $1,500 per month and which is in respect of Pensionable Service on and after January 1, 2001,

and subtracting therefrom the monthly amount of that year's indexation due under the Basic Plan.

Appendix B – Special Provisions for U.S. Members

The provisions of Appendix B shall apply to U.S. Members in respect of a period of Pensionable Service that is subject to the provisions of Section 409A of the U.S. Code and shall apply notwithstanding any other provision of the Supplemental Plan.

Article B.1 – Defined Contribution Provision

B.1.1 Notwithstanding Article 6, the lump sum cash payment pursuant to such article to a DC Member who is a U.S. Member shall be paid within 30 days after the date on which such DC Member has a Separation from Service.

B.1.2 Notwithstanding Article 7, the lump sum cash payment pursuant to such article to a DC Member who is a U.S. Member shall be paid within 30 days after the date on which such DC Member has a Separation from Service.

B.1.3 Notwithstanding Article 8, the lump sum cash payment pursuant to such article to the Spouse or Designated Beneficiary (as defined in the Basic Plan) of a DC Member who is a U.S. Member shall be paid within 30 days after the date of the DC Member's death.

Article B.2 – Payment of Defined Benefit Pension

B.2.1 (a) A U.S. Member whose Separation from Service occurs on or after age 55 shall be entitled to payment of his or her Pension Accrued as of the date of such Separation from Service, payable in monthly instalments by the Company. Subject to paragraph B.1.05, the first instalment paid by the Company shall be made on (or within 10 days after) the fifteenth (15th) day after the end of the calendar month following the date of the U.S. Member's Separation from Service. Thereafter, instalments made by the Company shall be made on (or within 10 days after) the last day of each month throughout the lifetime, including the month of death, of the U.S. Member.

(b) Following the death of a Pensioner, monthly instalments, determined in accordance with Article A.6, shall be paid to the Pensioner's Spouse or Post-

Retirement Spouse, as the case may be, if any, commencing with the month following the month of death of the Pensioner, throughout the lifetime, including the month of death, of the Spouse or Post-Retirement Spouse.

B.2.2 (a) Pension benefits, pension benefit credits and any other benefits under this Supplemental Plan shall on divorce, annulment or separation be subject to applicable state property law.

(b) All or part of a U.S. Member's pension benefit, pension benefit credit or any other benefit under the Supplemental Plan may be assigned to the U.S. Member's spouse by court order pursuant to applicable state property law.

(c) Where all or part of a pension benefit of a U.S. Member is required to be distributed to the U.S. Member's spouse under a court order, the pension benefit may be adjusted so that it becomes payable as two separate pensions, one to the U.S. Member and the other to the U.S. Member's spouse, provided that the aggregate of the actuarial present value of the two pensions is not less than the actuarial present value of the pension benefit.

(d) The aggregate of

(i) the actuarial present value of the pension benefit or other benefit paid to a U.S. Member, and

(ii) the actuarial present value of the pension benefit or other benefit paid to the spouse of the U.S. Member pursuant to this paragraph shall not be greater than the actuarial present value of the pension benefit or other benefit, as the case may be, that would have been payable to the U.S. Member had the divorce, annulment or separation not occurred. The actuarial present value shall be determined by the Actuary in accordance with generally accepted actuarial principles for the computation of transfer values from registered pension plans, including the adjustment described in paragraph A.7.01(b).

B.2.3 Optional Forms of Pension

A U.S. Member may, instead of the normal form of pension, elect, prior to the Retirement Date, one of the optional forms of pension specified in this paragraph. The optional form of pension shall be actuarially equivalent (within the meaning of regulations under Section 409A of the U.S. Code) to the applicable normal form of pension described in Article A.3 and paragraph A.4.01.

(a) Life Annuity with a Guaranteed Period

A U.S. Member who does not have a Spouse at his or her Retirement Date may elect a reduced amount of lifetime pension with a guaranteed term of either 120 or 180 months. For greater clarity, in the event the U.S. Member dies prior to the end of such guaranteed term, the remaining guaranteed period and payments shall be completed prior to any payments pursuant to subparagraph B.4.05(b).

(b) Life Annuity Continuing to Spouse

A U.S. Member who has a Spouse at his or her Retirement Date may elect a reduced amount of pension in a joint and survivor form on the lives of the U.S. Member and Spouse. Following the death of the U.S. Member, a percentage of the pension, either 80% or 100%, as elected by the U.S. Member, is payable to the Spouse if surviving, during the continued lifetime of the Spouse.

(c) An election to receive an optional form of retirement pension under this section may be revoked or changed, provided either:

(i) written notice of such revocation or change is received from the U.S. Member by the Company at least 30 days prior to payment of the first instalment of the pension benefit; or

(ii) the Spouse under a surviving spouse option has died prior to payment of the first instalment of the pension benefit to the U.S. Member.

B.2.4 In accordance with procedures prescribed by the Company and the transition rule set forth in IRS Notice 2005-1, Q&A-19(c), and extended in the preamble to regulations

proposed under Section 409A of the U.S. Code, IRS Notice 2006-79 and IRS Notice 2007-86, which permits Members in deferred compensation plans to change the date on which deferred compensation is payable, each person who is a U.S. Member as of December 31, 2008 shall be permitted to make an election prior to December 31, 2008 to receive his or her pension benefit at the time and in the manner elected by such U.S. Member in accordance with this paragraph:

(a) If the U.S. Member has attained age 55 as of December 31, 2008, such U.S. Member may elect one of the following payment options:

(i) a pension commencing on the date of the U.S. Member's Separation from Service, reduced in accordance with all applicable early retirement reduction factors and payable in the normal form under the Supplemental Plan, unless prior to the commencement of such pension benefit the U.S. Member elects one of the pension alternatives set forth in paragraph B.2.03 which is the actuarial equivalent (within the meaning of regulations under Section 409A of the U.S. Code) to the normal form of pension benefit, or

(ii) a lump sum payment, payable within 30 days after the U.S. Member's Separation from Service, in an amount equal to the Actuarial Equivalent of the U.S. Member's Pension Accrued as of the date of such Separation from Service.

(b) If the U.S. Member has not attained age 55 as of December 31, 2008, such U.S. Member may elect one of the following payment options that will apply if the U.S. Member's Separation from Service occurs on or after age 55:

(i) a pension commencing on the date of the U.S. Member's Separation from Service, reduced in accordance with all applicable early retirement reduction factors and payable in the normal form under the Supplemental Plan, unless prior to the commencement of such pension benefit the U.S. Member elects one of the pension alternatives set forth in paragraph B.2.03. which is the actuarial equivalent (within the meaning of regulations under Section 409A of the U.S. Code) to the normal form of pension benefit, or

(ii) a lump sum payment, payable within 30 days after the U.S. Member's Separation from Service, in an amount equal to the Actuarial Equivalent of the U.S. Member's Pension Accrued as of the date of such Separation from Service.

(c) If a U.S. Member does not make an election pursuant to this subparagraph (a) or (b), then such U.S. Member's pension shall be paid in accordance with paragraph B.2.01.

B.2.5 Pursuant to Section 409A of the U.S. Code, if a U.S. Member is a "specified employee," within the meaning of Section 409A of the U.S. Code, as of the date of such U.S. Member's Separation from Service, then no payments with respect to such U.S. Member's benefit that are payable upon such U.S. Member's Separation from Service shall be made prior to the six-month anniversary of such Separation from Service, and all payments that would have been paid during such six-month period shall instead be paid during the first month beginning after such six-month anniversary, and all subsequent payments, if any, shall be paid in accordance with paragraph B.2.01, B.2.03 or B.2.04, as applicable. If a U.S. Member dies following the U.S. Member's separation from service but prior to the commencement of payments pursuant to this paragraph B.2.05, the amount that would have been paid to the U.S. Member prior to the date of death, without regard to the six-month delay in payment pursuant to this paragraph B.2.05, shall be paid to the U.S. Member's Spouse or estate within ninety (90) days after the date of the U.S. Member's death, and all payments after the date of death shall be paid in accordance with Article B.4.

Article B.3 – Defined Benefit Entitlements on Termination of Employment

B.3.1 (a) A U.S. Member who has at least two (2) continuous years of Pensionable Service and whose Separation from Service occurs prior to age 55 shall be entitled to a lump sum payment within 30 days after the date of such Separation from Service, in an amount equal to the Actuarial Equivalent lump sum value of the U.S. Member's Pension Accrued to the date of such Separation from Service.

(b) For greater certainty, except following termination of the Supplemental Plan, if, on termination of employment, a U.S. Member has less than two (2) years of Pensionable Service, the U.S. Member is not entitled to any benefit under the Supplemental Plan.

(c) Subject to subparagraph (d), in the event a U.S. Member's employment is terminated involuntarily without cause, the Company may, at the sole discretion of the President of the Company, if such U.S. Member has less than five (5) years of Pensionable Service, waive the five (5) year vesting requirement described in clause A.2.03(a)(ii) when calculating the U.S. Member's pension in accordance with Article A.2.

(d) Members who, upon the occurrence of a Change in Control, have not attained age fifty-five (55) and who are subsequently involuntarily terminated without cause as a consequence of the Change in Control and prior to attainment of age fifty-five (55) shall be entitled to the pension described in subparagraph B.3.01(c) without the need for the exercise of discretion by the President of the Company.

B.3.2 In accordance with procedures prescribed by the Company and the transition rule set forth in IRS Notice 2005-1, Q&A-19(c), and extended in the preamble to regulations proposed under Section 409A of the U.S. Code, IRS Notice 2006-79 and IRS Notice 2007-86, which permits Members in deferred compensation plans to change the date on which deferred compensation is payable, each person who is a U.S. Member as of December 31, 2008 and who has not attained age 55 as of December 31, 2008, may

elect one of the following payment options that will apply if the U.S. Member's Separation from Service occurs prior to age 55:

(a) a pension commencing on the date on which the U.S. Member attains age 65 payable in the normal form under the Supplemental Plan, unless prior to the commencement of such pension benefit the U.S. Member elects one of the pension alternatives set forth in paragraph B.2.03. which is the actuarial equivalent (within the meaning of regulations under Section 409A of the U.S. Code) to the normal form of pension benefit and which commences at age 65, or

(b) a lump sum payment, payable within 30 days after the U.S. Member's Separation from Service, in an amount equal to the Actuarial Equivalent of the U.S. Member's Pension Accrued as of the date of such Separation from Service.

If a U.S. Member does not make an election pursuant to this paragraph B.3.02, then such U.S. Member's pension shall be paid in accordance with paragraph B.3.01.

B.3.3 Pursuant to Section 409A of the U.S. Code, if a U.S. Member is a "specified employee," within the meaning of Section 409A of the U.S. Code, as of the date of such U.S. Member's Separation from Service, then any lump sum payment that is payable upon such U.S. Member's Separation from Service shall not be made until the first month beginning after the six-month anniversary of such Separation from Service. If a U.S. Member dies following the U.S. Member's Separation from Service but prior to the payment pursuant to this paragraph B.3.03, the amount that would have been paid to the U.S. Member prior to the date of death, without regard to the six-month delay in payment pursuant to this paragraph B.3.03, shall be paid to the U.S. Member's Spouse or estate within ninety (90) days after the date of the U.S. Member's death.

Article B.4 – Defined Benefit Death Benefits

B.4.1 Where a U.S. Member dies prior to attaining age 55, the U.S. Member is deemed to have had a Separation from Service on the date of death and, provided that the U.S. Member had at least two (2) continuous years of Pensionable Service, the Spouse is entitled to receive the lump sum calculated in accordance with paragraph B.3.01.

B.4.2 Where a U.S. Member dies prior to attaining age 55 and has at least fifteen (15) years of Pensionable Service and the sum of the U.S. Member's age and Pensionable Service is at least sixty (60) years, the Spouse shall receive, in lieu of the benefit provided for in paragraph B.4.01, the greater of

(a) the lump sum calculated in accordance with paragraph B.3.01, and

(b) fifty percent (50%) of the Actuarial Equivalent lump sum value of the U.S. Member's Pension Accrued to the Date of Cessation of Membership, calculated as if payable to the Spouse from the end of the month of death**.**

B.4.3 Where a U.S. Member dies after attaining age 55, the Spouse is entitled to receive a pension equal to sixty per cent (60%) of the pension that the U.S. Member would have been entitled to receive had the U.S. Member had a Separation from Service on the date of death.

B.4.4 Where a U.S. Member dies after attaining 55, and had at least fifteen (15) years of Pensionable Service and the sum of the U.S. Member's age and Pensionable Service is at least sixty (60) years, the Spouse shall receive, in lieu of the benefit provided for in paragraph B.4.03, the greater of

(a) the pension calculated in accordance with paragraph B.4.03, and

(b) a pension equal to fifty per cent (50%) of the U.S. Member's Pension Accrued to the Date of Cessation of Membership.

B.4.5 (a) Where a Pensioner, who was a U.S. Member at the time of retirement, dies, the Spouse of the Pensioner at the Retirement Date is entitled to a pension equal to,

(i) if the Spouse elected in prescribed form in accordance with Article A.3, fifty per cent (50%) of the pension that the Pensioner was receiving, or

(ii) if the Spouse did not elect in prescribed form in accordance with Article A.3, sixty per cent (60%) of the pension that the Pensioner was receiving;

provided however, that if such Spouse and the Pensioner were parties to a valid court order determining their entitlement to pension assets effective as of divorce, annulment or separation, the Spouse's entitlement to the pension assets shall be determined by the court order.

(b) Where a Pensioner, who was a U.S. Member at the time of retirement, dies and the Pensioner

(i) had no Spouse at the Retirement Date,

(ii) had a Spouse at the Retirement Date whose entitlement in respect of the Pensioner's pension assets was determined by a valid court order effective as of divorce, annulment or separation, or

(iii) had a Spouse at the Retirement Date who predeceased the Pensioner,

the Pensioner's Post-Retirement Spouse is entitled to a pension equal to fifty per cent (50%) of the pension that the Pensioner was receiving and of any pension payable to the Pensioner's Spouse that ceased being payable to the Spouse on the death of the Pensioner, subject, however, to any continuing entitlement of the Spouse at Retirement Date to the Pensioner's pension assets pursuant to a valid court order effective as of divorce, annulment or separation.

B.4.6 Notwithstanding anything contained elsewhere in this Article B.4, where a Spouse or Post-Retirement Spouse, as the case may be, will by operation of this Article receive a pension or a lump sum under clause B.4.02(b), subparagraph B.4.04(b), clause B.4.05(a)(i) or subparagraph B.4.05(b) and the Spouse or Post-Retirement Spouse, as the case may be, is more than ten (10) years younger than the Pensioner, the pension or lump sum to the Spouse or Post-Retirement Spouse shall be reduced by one per cent (1%) for each complete year of difference in their ages beyond ten (10) years and the

reduction in respect of any remaining portion of a year of difference shall be calculated proportionately.

Exhibit 10.36

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "**Agreement**") is made between Canadian Pacific Railway Company (the "**Company**") and Hunter Harrison (the "**Executive**"), effective as of June 28, 2012 (the "**Effective Date**").

WHEREAS, the Executive has been hired by the Company to serve as the President and CEO; and

WHEREAS, the Company and the Executive desire, as of the Effective Date, to enter into a written employment agreement and define the terms of the employment relationship;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, the Company and the Executive agree as follows:

1. **Employment; Office and Duties**. As of the Effective Date the Company shall employ the Executive in the capacity of President and CEO with the duties and responsibilities normally incident to such a position, and the Executive hereby accepts such employment, on the terms and conditions set forth below. The Executive shall report directly to the Board of Directors. In his capacity as President and CEO, the Executive agrees to perform the duties consistent with such office, and as may be reasonably assigned to him from time to time by the Board. The Executive may be required to serve as officer or director of one or more subsidiaries or affiliates of the Company or one or more entities in which the Company has an interest.

The Executive agrees to perform his duties to the best of his abilities. The Executive shall be expected to devote all of his time to perform his duties and to promote the success of the Company. The Executive is a fiduciary of the Company and shall act at all times in the Company's best interests. The duties to be performed by the Executive shall include responsibility for managing all aspects of the operations of the Company. The Executive will be based in the Company's Calgary, Alberta offices.

2. **Compensation**. All amounts expressed in this Agreement are U.S. Dollars unless stated otherwise. If an amount is expressed in Canadian Dollars, it will be converted to USD immediately prior to payment to the Executive, and payment will be made to the Executive in

USD. For the services to be rendered by the Executive to the Company pursuant to this Agreement, the Executive shall be paid the following compensation and other benefits:

(a) **Salary.** The Company shall pay the Executive an annual base salary of $2,000,000 USD payable in accordance with the Company's usual payroll practices, or such higher annual base salary as may be established by the Board from time to time. The Executive's annual base salary shall be referred to in this Agreement as the "**Annual Salary**". The Annual Salary shall be reviewed annually by the Board and may be increased, but shall not be decreased, without the Executive's consent.

(b) **Stock Option Plan.** Subject to TSX approval, the Executive was granted 650,000 options on June 26, 2012 with a strike price of CAD $73.39 to acquire common shares of the Company, and he shall not be eligible to be considered for further grants of options unless the Board of Directors of the Company approves otherwise. Pursuant to the terms of such option grant, which is to be evidenced by a formal option agreement, (i) options vest in accordance with the schedule set out below, (ii) unvested options are forfeited if employment ceases prior to the expiry of this Agreement, except where due to a Change in Control and the Executive's employment is terminated without Cause, each such capitalized term to be defined in the formal option agreement which will be the same as the definitions set out in the Company's Amended and Restated Management Stock Option Incentive Plan dated February 28, 2012, and (iii) vested options may not be exercised until one year has expired following the date the Executive terminates employment with the Company.

Vesting:

- 25% of the options granted hereunder shall vest on the first anniversary of the grant date
- 25% of the options granted hereunder shall vest on the second anniversary of the grant date
- 25% of the options granted hereunder shall vest on the third anniversary of the grant date
- 25% of the options granted hereunder shall vest on the fourth anniversary of the grant date

(c) **Annual Equity Grant.** The Executive shall be entitled to receive an annual equity grant bonus to be based on the Company's profitability and such other factors to be determined annually by the Board, with such bonus to typically range between 0% and 200% of annual base salary with a target of 100%. Depending on the achievement of key financial, business and personal objectives set by the Board at the beginning of each year, the Executive is eligible to receive an annual incentive bonus in the form of deferred share units ("DSU") in accordance with the Canadian Pacific Railway Limited Senior Executives Deferred Share Unit Plan (the "**DSU Plan**"). Notwithstanding the terms of the DSU Plan, the DSUs granted pursuant to this provision will (i) vest immediately, and (ii) be redeemed for their cash value determined and paid no earlier than one year following termination of employment.

(d) **Initial DSU Grant**. The Company shall, on the Effective Date, grant to the Executive an Initial DSU Grant (the "**Initial DSU Grant**") of 25,000 units in accordance with the terms of the DSU Plan. Notwithstanding the terms of the DSU Plan, the DSUs granted pursuant to this provision (the "**Initial DSUs**") will (i) vest in accordance with the schedule set out below in this provision, (ii) be redeemed for their Market Value as defined in the DSU Plan determined and paid no earlier than one year following termination of employment, and (iii) in the event that the Executive's employment with the Company ceases due to the Executive's resignation or termination due to Cause (as defined in Section 8(b)(v) below), the unvested Initial DSUs shall be forfeited.

Vesting:

- 25% of the DSUs granted hereunder shall vest on the first anniversary of the grant date
- 25% of the DSUs granted hereunder shall vest on the second anniversary of the grant date
- 25% of the DSUs granted hereunder shall vest on the third anniversary of the grant date
- 25% of the DSUs granted hereunder shall vest on the fourth anniversary of the grant date

(e) **Pension.** The Executive shall participate in the defined contribution option of the Canadian Pacific Railway Company Pension Plan (the Registered Plan) and, in addition,

the Company hereby establishes for the Executive a supplemental executive retirement arrangement or other arrangement that is not subject to the *Pension Benefits Standards Act, 1985* (Canada) or such other pension standards laws in Canada as may apply from time to time (the "**SERP**") with the following terms:

- the Executive shall receive $1.5 million USD per year on a non-indexed basis from the SERP;

- for greater certainty, the aforementioned amount under the SERP is in addition to and shall not be reduced by the annual annuity which may be purchased at the date payments commence or are to commence from the amounts held for the benefit of the Executive in the Company's Registered Plan;

- payments under the SERP shall be made in non-indexed, equal monthly instalments during the Executive's lifetime and shall commence on the last day of the month following the sixth month in which he retires or terminates employment for any reason provided that the first payment will be in the amount of one-half of the annual payment;

- amounts payable under the SERP shall be forfeited if the Executive is in breach of the non-competition or non-solicitation covenants contained in this Agreement;

- in the event that the Executive dies and the Executive's spouse, Jeannie Harrison remains married to the Executive at the time of his death and survives him, the Company shall pay to her from the SERP, in non-indexed, equal monthly installments, an annual pension during her lifetime equal to 70% of the annual amount that would have been paid to the Executive; and

- notwithstanding the foregoing, no benefits shall be payable under the SERP in any month to the extent that the Executive receives payments in the same month on and after the Effective Date in respect of supplemental pensions from the Canadian National Railway Company, Illinois Central Railroad Company or any of their affiliates (the "**Predecessors**") and the Executive shall re-pay to the

Company any amounts paid by it under the SERP to the extent that such amounts are paid retroactively by the Predecessors.

- The Executive is not eligible to participate in any other Supplemental Retirement Arrangement provided by the Company.

(f) **Housing**. The Company shall provide reasonable accommodation for the Executive in the City of Calgary, commensurate with the Executive's position as President and CEO. It is understood that the Executive shall be responsible for applicable income taxes on this benefit.

(g) **Corporate Jet**. The Company prefers the Executive, whenever possible, to use its corporate aircraft when the Executive travels by air within continental North America whether such travel is business related or for reasonable personal use. It is understood that the Executive shall be responsible for applicable income taxes on this benefit.

(h) **Car Allowance.** The Executive shall have a vehicle leased for business and personal use in accordance with the Company's Vehicle Policy. It is understood that the Executive shall be responsible for applicable income taxes on this benefit.

(i) **Benefits.** The Company shall reimburse the Executive for the amounts he pays to maintain his current U.S. supplementary health coverage.

With respect to Canadian coverage, the Company shall arrange to provide the Executive with Canadian health coverage (which may include government provided coverage).

In addition, the Company shall pay for an executive medical examination once per year.

The Company shall not provide any other health and welfare benefits including, without limitation, life insurance or any form of short-term or long-term disability benefits. The Executive will waive his eligibility for all Canadian Pacific US management employee benefits including but not limited to the Health Care Plan for Management Employees, the Canadian Pacific Railway Savings Plan for US Management Employees and the Salaried Retirement Income.

(j) **Withholdings.** All compensation payments and severance payments to the Executive shall be made subject to required governmental withholdings.

(k) **Tax Equalization.**

a. The Executive hereby represents that, throughout his employment with the Company hereunder, for the purposes of the Income Tax Act (Canada) and the Canada – United States income tax convention (the "**Treaty**"), the Executive (i) is a resident of the State of Florida in the United States ("**U.S.**"), (ii) is not, and is not deemed to be, a resident of Canada, and (iii) is entitled to the benefits of the Treaty.

b. The Company agrees to pay the Executive a tax equalization amount representing incremental income tax, if any, as a result of working for the Company in Canada with respect to taxable income specified herein, the overall intent being that the Executive shall, on an after-tax basis, receive the same amount that he would have received had the Executive earned such income entirely in Florida. The income used to calculate the payment will be the Annual Salary, Initial Option Grant, Initial DSU Grant and all employment benefits which are taxable, (collectively, the "**Remuneration**").

c. The parties will determine, for any particular calendar year, (i) the notional amount of U.S. federal and Florida income tax payable by the Executive in respect of the Remuneration, on the assumption that the Executive is not subject to any Canadian taxes for the year ("**U.S. Notional Taxes**"), and (ii) the actual aggregate Canadian federal and Alberta income taxes and U.S. federal and Florida income taxes imposed on the Executive for the year in respect of the Remuneration, inclusive of any applicable foreign tax credits or deductions which the Executive may claim ("**Canada/U.S. Taxes**"). To the extent that the amount of Canada/U.S. Taxes payable exceeds the U.S. Notional Taxes, the Company will pay the Executive the difference as soon as reasonably practicable following such determination.

d. All determinations required to be made under this Section 2(k) shall be made in the first instance by an internationally recognized accounting firm

appointed by the Company and reasonably acceptable to the Executive. All fees and expenses of the tax accounting firm shall be borne solely by the Company.

e. If the Company is required by law to deduct any amount of income taxes in respect of the payment of the tax equalization amount to the Executive, such amount shall be increased as necessary so that after making all the required deductions, the Executive receives an amount equal to the sum he would have received had no such deductions been made, on an after-tax basis.

f. The Executive will be responsible for compliance with all applicable tax laws and regulations and for the payment of all income taxes, property taxes, customs duties, fees, licenses and other taxes imposed on the Executive by any taxation authority in Canada, the U.S. or elsewhere. Further, interest and penalties that are the result of the Executive failing to file Canadian or U.S. income taxes on a timely or correct basis shall be for the account of the Executive.

g. The Executive agrees to cooperate in good faith with the Company, but at its sole expense, to avoid (to the extent reasonably practicable, through tax structuring or otherwise) incurring any taxes, or associated interest or penalties, that would give rise to a right to a tax equalization payment.

3. **Expenses.** The Company shall promptly reimburse the Executive for his actual out-of-pocket expenses incurred in carrying out his duties hereunder in the conduct of the Company's business, which expenses shall be limited to ordinary and customary items and which shall be supported by vouchers, receipts or similar documentation submitted in accordance with the Company's expense reimbursement policy and as required by law.

4. **Vacations and Leave.** The Executive shall be entitled to up to five (5) weeks of annual paid vacation per year, and any additional other leave time as is provided for under the Company's personnel policies applicable to executives of the Company. The Company encourages the taking of vacation time during the year in which the vacation time is earned. At the end of any calendar year unused vacation days will be forfeited.

5. **Non-Disclosure of Confidential Information.**

(a) The Executive acknowledges that, as a result of his employment by the Company, he has and will be making use of, acquiring, and/or adding to the Company's Confidential Information (as defined below). Except as required in the performance of the Executive's duties under this Agreement or except in those instances in which the Executive reasonably determines, in good faith, that use or disclosure of Confidential Information is in the best interests of the Company, the Executive will not use or disclose to third parties, directly or indirectly, any Confidential Information, either during his employment or anytime following cessation of his employment. Notwithstanding the foregoing, the Executive will be permitted to disclose any Confidential Information to the extent required by validly issued legal process or court order.

(b) As used herein, "**Confidential Information**" means all confidential and proprietary information of the Company, including any business plan, compilation, list, program, device, formula, pattern, method, technique or process, that: (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means, by other persons who can obtain economic value from its disclosure or use; (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy; and (iii) is owned by the Company. For purposes of this Agreement, "Confidential Information" includes both information disclosed to the Executive by the Company and information developed by the Executive in the course of his employment with the Company. The types and categories of information which the Company considers to be its Confidential Information include but are not limited to information concerning the Company's management, financial condition, financial operations, employee lists, customer lists (including potential customers and prospects), pricing information, sales activities, marketing activities, sales and marketing strategies and business plans.

The parties agree that as used herein, "Confidential Information" shall not include the following: (i) information that at the time of disclosure is in the public domain; or (ii) information that, after disclosure, becomes part of the public domain by publication or otherwise through no fault of the Executive.

(c) The Company may also advise the Executive from time to time as to restrictions upon the use or disclosure of specified information that has been licensed or otherwise disclosed to the Company by third parties pursuant to license or confidential disclosure agreements that contain restrictions upon the use or disclosure of such information. The Executive agrees to abide by the restrictions upon use and/or disclosure contained in such agreements to the extent such restrictions do not conflict with this Agreement. In addition, the Executive will not use or disclose to the Company any confidential or proprietary information belonging to others including, but not limited to Canadian National Railway Company ("**CN**"), without the consent of the person to whom such information belongs.

6. **Property of the Company/Assignment of Developments.** All documents, encoded media, and other tangible items provided to the Executive by the Company, or prepared, generated or created by the Executive or others in the performance of the Executive's duties under this Agreement are the property of the Company. Upon cessation of the Executive's employment with the Company, the Executive will promptly deliver to the Company all such documents, media and other items in his possession, including all complete or partial copies, recordings, abstracts, notes or reproductions of any kind made from or about such documents, media, items or information contained therein. The Executive will neither have nor claim any right, title or interest in any trademark, service mark or trade name owned or used by the Company.

7. **Non-solicitation of Clients/Covenants Against Competition.**

(a) The Executive acknowledges that by reason of his employment the services he renders to the Company are of a special or unusual character with a unique value to the Company, the loss of which the Company believes cannot adequately be compensated by damages in an action at law. In view of the Confidential Information known or to be obtained by, or disclosed to the Executive, as set forth above, and as a material inducement to the Company to enter into this Agreement, the Executive covenants and agrees during his employment with the Company and during the Covenant Period (as defined below), the Executive will not, except as otherwise authorized by this Agreement, directly or indirectly, anywhere in North America, own, manage, engage in, operate, control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise) or participate in the ownership,

management, operation or control of, any business, whether in corporate, proprietorship or partnership form or otherwise, engaged in the business of a Class 1 Railroad (the "**Restricted Business**") including but not limited to CN, provided, however, that the restrictions contained in this Agreement shall not restrict the acquisition by the Executive, directly or indirectly, of less than 2% of the outstanding capital stock of any publicly traded company engaged in a Restricted Business or the acquisition of an interest in any company which purchases an interest in any entity in the Company.

As used herein, the "**Covenant Period**" shall mean the period of the Executive's employment with the Company and twenty four (24) months following the termination of the Executive's employment, regardless of the reason for termination.

(b) The Executive further covenants and agrees that during the Covenant Period, the Executive shall not, directly or indirectly: (i) cause, solicit, induce or encourage any employee of the Company to leave such employment or hire, employ or otherwise engage any such individual; or (ii) cause, induce or encourage any material actual or prospective client, customer, supplier or licensor of the Company (including any existing or former customer of the Company and any person or entity that becomes a client or customer of the Company after termination of the Executive's employment) or any other person or entity who has a material business relationship with the Company, to terminate or modify any such actual or prospective relationship. As used in this Agreement, a "**former customer**" is a person or entity which has been a customer of the Company within the immediately preceding twenty four (24) month period from the date of solicitation, and a "**prospective client or customer**" is a person or entity to which the Company has submitted a proposal in writing to perform services within the immediately preceding twenty four (24) month period from the date of solicitation. For purposes of this Section 7(b), general newspaper and other media advertisements shall not be considered solicitation of Company employees.

(c) In the event that the Executive resigns during the Term of this Agreement and is in violation of either Section 7(a) or 7(b), the Executive must repay to the Company the amounts previously paid for the Executive's benefit, as such amounts are more fully set out in the Indemnity Transfer Agreement which is to be executed. The Executive further agrees that for the 2 year period following the termination of this Agreement he will not contravene Section 7(a) of this Agreement in respect to CN. In the event of his

resignation, the 2 year non-solicitation period referred to in Section 7(b)will be extended to a 5 year period.

(d) In the event that the Executive, during the Term of this Agreement, is terminated without Cause or by the Executive for Good Reason (the "**Termination**") he shall be entitled to seek employment or provide consulting services to a Class 1 Railroad in North America, except in the case of CN in which case, the Executive agrees as of the date of the Termination, to (i) refrain from working for CN for a 2 year period; (ii) agree to extend the Covenant Period in respect to non-solicitation for 5 years; and (iii) shall repay to the Company the amounts previously paid for the Executive's benefit, as such amounts are more fully set out in the Indemnity Transfer Agreement which is to be executed, if he works for CN within 2 years of the Termination.

8. **Term, Termination and Effects of Termination.**

(a) This Agreement shall become legally binding and effective immediately upon the Effective Date and this Agreement and the Executive's employment shall continue for four (4) years, unless earlier terminated as provided herein. The word "**Term**" shall refer to the period of the Executive's employment under this Agreement.

(b) The employment of the Executive and this Agreement may be terminated as follows:

(i) Death. By the Company upon the death of the Executive. In the event of a termination of the Executive's employment due to the death of the Executive, the Company shall pay first to the Executive's surviving spouse, if applicable, or second to the person designated in writing to the Company by the Executive, or third, to the Executive's estate or legal representative, in a lump-sum within thirty (30) days of the date of death, (A) any accrued but unpaid prorata Annual Salary, provided for in Section 2(a) above, (B) any accrued but unpaid expenses required to be reimbursed under Section 3 above, (C) any unused vacation under Section 4 above as of the date of death, (D) any vested stock options granted on June 26, 2012 (provided such options are exercised in accordance with the terms of the option agreement governing the same), and all DSUs, whether vested or unvested, shall be redeemable one year after the Executive's death, and (E) any other amounts owing, but still unpaid, to the Executive.

(ii) Disability. For the purpose of this Agreement, "**Disability**" means a mental or physical disability whereby the Executive:

(A) is unable, due to illness, disease, mental or physical disability or similar cause, to fulfill his obligations as an executive of the Company for any consecutive six (6) month period, or for any period of eight (8) or more months (whether consecutive or not) in any consecutive twelve (12) month period; or

(B) is declared by a Court of competent jurisdiction to be mentally incompetent or incapable of managing his affairs; and

(C) the disability cannot be accommodated by the Company without causing undue hardship to the Company.

In the event of the Executive's Disability, the Company may terminate this Agreement and the Executive's employment by providing thirty (30) days prior written notice to the Executive. Upon termination of the Executive's employment due to Disability, the Company shall have no further obligation to the Executive, with the exception that the Executive shall continue to be entitled to (A) any accrued but unpaid prorata Annual Salary provided for in Section 2(a) above for services rendered through the date of termination, (B) any accrued but unpaid expenses required to be reimbursed under Section 3 above, (C) any unused vacation under Section 4 above as of the date of termination, (D) any vested stock options granted on June 26, 2012 (provided such options are exercised in accordance with the terms of the option agreement governing the same), and all DSU's, whether vested or unvested, shall be redeemable one year after the Executive's death, and (E) any other amounts owing, but still unpaid, to the Executive.

(iii) **By the Executive with Good Reason.** By the Executive, with "Good Reason", at any time upon written notice to the Company (following any applicable notice and failure to cure). For purposes of this Agreement, "**Good Reason**" means: (A) the Company's uncured breach of its obligations under any material term or provision of this Agreement; or (B) the relocation of the office in which the Executive is based (set forth in Section 1 above) to a location more

than twenty-five (25) miles from such location. In the event that the Executive believes that Good Reason, as defined above, exists for him to terminate this Agreement and his employment with the Company and if he intends to so resign, then he shall give written notice of such intent, which notice shall set forth in detail the reasons that the Executive believes Good Reason exists; provided that, if the Good Reason involves the failure of the Company to pay the Executive compensation, no notice period shall be required and no opportunity to cure shall be offered to the Company as a condition precedent to termination. Otherwise, the Company shall have thirty (30) days to cure the Good Reason stated in the notice.

In the event of a termination of the Executive's employment by him with Good Reason, the Company shall pay to the Executive in a lump sum, within 30 days: (A) a retiring allowance in the amount of $2,000,000 USD less amounts required by law to be withheld (B) any accrued but unpaid prorata Annual Salary provided for in Section 2(a) above for services rendered through the date of termination, (C) any accrued but unpaid expenses required to be reimbursed under Section 3 above, (D) any unused vacation under Section 4 above as of the date of termination, (E) any other amounts owing, but still unpaid, to the Executive, and (F) any vested stock options granted on June 26, 2012 (provided such options are exercised in accordance with the terms of the option agreement governing the same), and all DSU's, whether vested or unvested, shall be redeemable one year after termination. Unvested awards under the stock option plan shall be forfeited.

(iv) **Voluntarily by the Executive without Good Reason.** By the Executive upon thirty (30) days advance written notice to the Company, for any reason other than "Good Reason." In the event of a termination of this Agreement and the Executive's employment by him without Good Reason, the Company shall pay to the Executive, in a lump-sum within thirty (30) days of the date of termination, (A) any accrued but unpaid prorata Annual Salary provided for in Section 2(a) above for services rendered through the date of termination, (B) any accrued but unpaid expenses required to be reimbursed under Section 3 above, and (C) any unused vacation under Section 4 above as of the date of termination, and (D) any other amounts owing, but still unpaid, to the Executive.

The Executive will not be entitled to any unvested stock options granted on June 26, 2012 or other bonus or portion thereof for the year in which such termination occurs, but the Executive will be entitled to any vested stock options granted on June 26, 2012, exercisable in accordance with the terms of the option agreement governing the same, and all DSU's, whether vested or unvested, shall be redeemable one year after termination.

(v) **By the Company for Cause.** By the Company for Cause immediately upon written notice to the Executive. For purposes of this Agreement, "**Cause**" means any one of the following: (A) the commission by the Executive of any willful act of dishonesty, misappropriation, embezzlement or fraud against the Company or in the course of, related to or connected with the business of the Company; (B) a material breach by the Executive of any of his obligations under this Agreement, which breach remains uncured for a period of thirty (30) days after written notice to the Executive setting forth in detail the particulars of the breach; or (C) any act or omission which constitutes "just cause" at common law for summary termination of the Executive's employment.

In the event of a termination of the Executive's employment by the Company for Cause, the Company shall pay to the Executive, in a lump-sum within thirty (30) days of the date of termination, (A) any accrued but unpaid prorata Annual Salary provided for in Section 2(a) above for services rendered through the date of termination, and (B) any accrued but unpaid expenses required to be reimbursed under Section 3 above, and (C) any unused vacation under Section 4 above as of the date of termination. The Company may offset from the amounts due to the Executive under this Section 8(b)(v) all sums, if any, due from the Executive to the Company, for which the Employee has previously agreed. The Executive will not be entitled to exercise any stock options granted on June 26, 2012 (whether vested or not), or other bonus or portion thereof for the year in which such termination occurs or any other amounts owing but still unpaid, to the Executive, except that all vested DSU's, shall be redeemable one year after termination.

(vi) **By the Company without Cause.** By the Company upon thirty (30) days advance written notice to the Executive, for any reason other than Cause.

In the event of a termination of the Executive's employment by the Company without Cause, the Company shall pay to the Executive, in a lump-sum within thirty (30) days of the date of termination, (A) retiring allowance in the amount of $2,000,000 USD, less amounts required by law to be withheld, (B) any accrued but unpaid prorata Annual Salary provided for in Section 2(a) above for services rendered through the date of termination, (C) any accrued but unpaid expenses required to be reimbursed under Section 3 above, (D) any unused vacation under Section 4 above as of the date of termination, (E) any other amounts owing, but still unpaid, to the Executive, and (F) any stock options granted on June 26, 2012 (provided such options are exercised in accordance with the terms of the option agreement governing the same), and all DSUs, whether vested or unvested, shall be redeemable one year after termination. Unvested stock options granted on June 26, 2012 shall be forfeited.

(vii) Change of Control. A "**Change of Control**" for the purposes of this Agreement shall mean the transfer or acquisition to or by a person (other than an entity in the Company, or a transfer between a shareholder of the Company and such shareholder's estate planning trust or entity) of twenty (20%) percent or more of the voting shares of the Company. If the Executive's employment is terminated pursuant to Section 8(iii) or 8(vi) within 12 months of the Change in Control taking place, the Executive shall be entitled to the payments pursuant to Section 8(b)(vi) above, except that instead of the $2 million payment the Executive will receive a lump sum payment equivalent to 24 months Annual Salary or, if there is less than two years remaining in the Term, a lump sum payment equivalent to Annual Salary for the period remaining until the end of the Term.

The Executive acknowledges that the payments provided pursuant to this Agreement supersede and replace any and all rights to reasonable notice of termination that the Executive might otherwise be entitled to at common law, and the Executive expressly waives any rights to such notice. The Executive agrees that the payments are deemed conclusively to be reasonable notice of termination and specifically include all amounts owed for termination and/or severance pay arising under any contract, statute, common law or otherwise.

9. **Resignation From All Positions Upon Termination and Release.** The Executive hereby agrees that he shall resign from all other positions held by him with the Company and any entity in the Company, including without limitation any position as a director, officer, agent, trustee or consultant unless otherwise agreed with the Company, effective on the date when the Executive's employment with the Company terminates. In addition, and in exchange for any severance payment paid to the Executive pursuant to Sections 8(b)(iii),(vi) and (vii), above, the Executive shall sign a full and final release of the Company in a form satisfactory to the Company, acting reasonably, which release shall not impose any post-employment obligations on the Executive beyond those set forth in this Agreement.

10. **Post-Termination Cooperation.** The Executive shall, for a period of two years following the termination of the Executive's employment for any reason (including but not limited to retirement or the end of the Term), cooperate with the Company's reasonable requests relating to (A) matters that pertain to the Executive's employment with the Company and the transition of duties to the Executive's successor; and (B) any legal proceedings involving the Company or any of its affiliates.

11. **Indemnification.** The Company shall indemnify the Executive, and hold him harmless, to the maximum extent permitted under law, if he is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Company, by reason of the fact that the Executive is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against all expenses, including attorneys' fees, judgments, fines and amounts paid in settlement. To the extent permitted by applicable law, this Indemnity includes the obligation of the Company to pay for and provide defense legal counsel for the Executive and to pay the costs of the defense as the same are incurred. The Company may, but is not required to, procure directors' and officers' liability insurance to cover any such indemnification obligation. In the event the Company is indemnifying the Executive under this Agreement, the Company may select and engage the legal counsel representing the Executive.

12. **Waiver.** A party's failure to insist on compliance or enforcement of any provision of this Agreement shall not affect the validity or enforceability or constitute a waiver of future

enforcement of that provision or of any other provision of this Agreement by that party or any other party.

13. **Governing Law; Costs and Remedies.** This Agreement shall in all respects be subject to, and governed by, the laws of the Province of Alberta without giving effect to its conflict of laws principles. In addition to any remedies that may be available at law or in equity as a result of a breach of this Agreement, in the event of a breach or threatened breach by the Executive of any of the covenants in Sections 5, 6 or 7 above, the Company shall have the right to seek monetary damages and equitable relief, including, without limitation, specific performance by means of an injunction against the Executive to prevent or restrain any such breach.

14. **Severability.** If for any reason any Section, term or provision of this Agreement is held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed and enforced as if such provision had not been included herein and all other valid provisions herein shall remain in full force and effect. In the event that any provision of Section 7 above relating to the time period and/or the areas of restriction and/or related aspects shall be declared by a court of competent jurisdiction to exceed the maximum restrictiveness such court deems reasonable and enforceable, the time period and/or areas of restriction and/or related aspects deemed reasonable and enforceable by the court shall become and thereafter be the maximum restriction in such regard, and the restriction shall remain enforceable to the fullest extent deemed reasonable by such court.

15. **Notice.** Any and all notices and other communications required or permitted herein shall be in writing and deemed delivered if delivered personally, or sent by recognized overnight courier or registered or certified mail to the Company at its principal place of business, or to the Executive at the address hereinafter set forth following the Executive's signature, or at such other address or addresses as either party may hereafter designate in writing to the other, except that such notice of change of address will only be effective upon receipt.

16. **Amendments.** This Agreement may be amended at any time by mutual consent of the parties hereto, with any such amendment to be invalid unless in writing, signed by the Company and the Executive.

17. **Entire Agreement.** This Agreement contains the entire agreement and understanding between the Executive and the Company with respect to the employment of the Executive with

the Company. The parties agree that no prior representations, promises, agreements, or understandings, written or oral, with respect to such employment not contained in this Agreement shall be of any force or effect.

18. **Continuing Terms.** The Company and the Executive agree that in the event of cessation of the Executive's employment, and regardless of the reason for such cessation, the Executive shall continue to owe the Company fiduciary obligations and the provisions of Sections 5, 6, 7, and 9 through 19 of this Agreement shall continue to be in full force and effect in accordance with their terms.

19. **Burden and Benefit.** This Agreement may not be assigned by either party hereto without the prior written consent of the other party. This Agreement, together with any amendments hereto, shall be binding upon the Company's successors and will inure to the benefit of the Executive's estate, heirs and personal representatives.

20. **Headings.** The various headings in this Agreement are inserted for convenience only and are not part of the Agreement.

21. **Company Clawback Policy.** The Executive agrees to be bound by the Company's Clawback Policy for Executives, as amended from time to time, and to execute a copy of the policy.

22. **Counterpart.** The parties agree to execute this Agreement in counterpart and the separately executed versions shall be construed as one document.

IN WITNESS WHEREOF, the Company and the Executive have duly executed this Agreement intending to be bound by the terms set forth herein.

CANADIAN PACIFIC RAILWAY COMPANY

Per: /s/ Paul Haggis

Name: PAUL HAGGIS

Title: Chair, Board of Directors

Date:

Per: /s/ Stephen Tobias

Name: STEPHEN TOBIAS

Title: Director and Interim CEO

Date:

Per: /s/ Krystyna Hoeg

Name: KRYSTYNA HOEG

Title: Director

Date:

/s/ Mark Wallace

Witness Mark Wallace

/s/ E. H. Harrison

HUNTER HARRISON

Exhibit 10.37

AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

This **AMENDMENT** (this "Amendment") to the Executive Employment Agreement (the "Employment Agreement"), effective as of June 28, 2012, between Canadian Pacific Railway Company (the "Company") and Hunter Harrison (the "Executive"), is dated as of May [5], 2014.

WHEREAS, the Company and the Executive wish to amend the Employment Agreement as provided herein.

NOW, THEREFORE, in consideration of the mutual agreements and understandings set forth herein, the parties hereby agree as follows:

1. Capitalized Terms. Except as defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Employment Agreement.

2. Extension of Tem1. Section 8(a) of the Employment Agreement is hereby amended by replacing the phrase "four (4) years" with the phrase "five (5) years".

3. Reduction of LTIP Target Level. The Company and the Executive agree that the annual target value of the long-term incentive awards provided to the Executive, commencing with the Company's 2014 fiscal year, shall be reduced from 350% of Base Salary to 300% of Base Salary.

4. PSUs. The Company and the Executive acknowledge that the Company's long-term incentive plan rules relating to performance share units ("PSUs") have been amended, with respect to grants in respect of the Company's fiscal year 2014 and subsequent years, to permit PSUs to continue to vest through the remainder of the applicable "Performance Period" following a participant's Retirement (as such term is defined in the Company's Performance Share Unit Plan for Eligible Employees (the "PSU Plan")), and that the Executive's PSUs will be accorded the same treatment upon the Executive's Retirement as is available to employees generally in respect of such PSUs under the PSU Plan.

5. Modification of STIP Target Level and Medium of Payment for Fiscal 2014 and Later Years. Section 2(c) of the Employment Agreement is hereby amended in its entirety, effective commencing with the Company's 2014 fiscal year, to read as follows:

> "(c) **Annual Bonus**. The Executive shall be entitled to receive an annual bonus to be based on the Company's profitability and such other factors to be determined annually by the Board, with such bonus to typically range between 0% and 300% of annual base salary, with a target of 150%. The actual level of the Executive's bonus payout will depend on the achievement of key financial, business and personal objectives set by the Board at the beginning of each year. The annual incentive bonus will be paid to the Executive in cash in the fiscal year immediately following the fiscal year to which it relates and at the same time as bonuses are paid to senior executives of the Company generally. For the avoidance of doubt,

the foregoing shall apply to the annual incentive bonus payable in respect of the Company's 2014 fiscal year and all subsequent years, it being understood that the Executive's entry into the Amendment to this Agreement, dated May [5], 2014, is the Executive's timely election with respect to the performance-based compensation payable in respect of the Company's 2014 fiscal year for purposes of Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and the Treasury regulations and other related guidance thereunder **("Section 409A")**."

6. Modification of Exercise Date of 2012 Stand-Alone Option Agreement. Section 2(b) of the Employment Agreement is hereby amended by revising clause (iii) to read as follows:

"(iii) vested options may not generally be exercised until June 28, 2017 (except as otherwise provided in the written option agreement evidencing such grant in the case of certain terminations of employment)."

The Company and the Executive further agree to enter into an amendment (in substantially the form attached hereto as Annex A) to the Stand-Alone Option Agreement, dated as of June 26, 2012, between the Company and the Executive, to reflect the foregoing (i.e., that the stock option evidenced by such agreement shall not generally become exercisable until June 28, 2017, instead of the first anniversary of the Executive's termination of employment with the Company).

7. Clarification of Welfare Benefits Coverages. Notwithstanding anything to the contrary in Section 2(i) of the Employment Agreement, for the avoidance of doubt, the Executive shall be entitled to receive full medical, dental and prescription drug coverage (whether under the Company's plans in Canada or in the United States, in accordance with the terms of such plans as in effect from time to time for employees of the Company generally, or outside such plans as approved by the Company), except to the extent that such coverages may be offset by applicable government-mandated programs or as may be restricted by applicable law.

8. Section 409A. A new Section 12 of the Employment Agreement is hereby added as follows, with the subsequent sections of the Employment Agreement renumbered accordingly:

"12. **Section 409A**

(a) This Agreement is intended to comply with or be exempt from the requirements of Section 409A with respect to amounts, if any, subject thereto and shall be interpreted, construed and performed consistent with such intent in a manner including, but not limited to, the following:

(i) Redemption of DSUs. Notwithstanding anything to the contrary in Sections 2(d), 8(b)(i), 8(b)(ii), 8(b)(iii), 8(b)(iv), 8(b)(v) or 8(b)(vi) of this Agreement or elsewhere and consistent with the terms of the Canadian

Pacific Railway Limited Senior Executive Deferred Share Unit Plan (the **"DSU Plan")**, all DSUs granted to the Executive pursuant to Section 2(d) and all DSUs redeemable by the Executive in the event of a termination of Executive's employment under Section 8(b) of this Agreement shall be redeemable on December 31 of the calendar year following the year in which the Executive terminates employment with the Company.

(ii) Tax Equalization. Any payment made by the Company to the Executive under Section 2(k)(c) of this Agreement shall be made no later than December 31 of the second year after the year in which the Executive files his U.S. federal income tax return for the year to which the payment under Section 2(k)(c) relates.

(iii) Good Reason. Notwithstanding anything to the contrary in Section 8(b)(iii) of this Agreement or elsewhere, no action shall be deemed to constitute Good Reason until such action remains uncured after the expiration of thirty (30) days following the Executive's delivery to the Company of a written notice, setting forth the course of conduct deemed by the Executive to constitute Good Reason, provided that such written notice is delivered to the Company within ninety (90) days after the initial occurrence of the action the Executive believes to constitute Good Reason.

(iv) Expense Reimbursement. Any expense reimbursement paid or payable to the Executive pursuant to Sections 3 or 8(b) of this Agreement shall be made in accordance with the provisions of Section 12(c) below.

(b) To the extent the Executive would otherwise be entitled to any payment that under this Agreement, or any plan or arrangement of the Company or its affiliates, constitutes "deferred compensation" subject to Section 409A, and that if paid during the six months beginning on the date of termination of the Executive's employment would be subject to the Section 409A additional tax because the Executive is a "specified employee" (within the meaning of Section 409A and as determined by the Company), the payment, together with any earnings on it (if applicable pursuant to the terms of such payment), will be paid to the Executive on the earlier of the six-month anniversary of his date of termination or his death (if such payment would otherwise have been payable during such six-month period). Similarly, to the extent the Executive would otherwise be entitled to any benefit (other than a payment) during the six months beginning on the date of termination of the Executive's employment that would be subject to the Section 409A additional tax, the benefit will be delayed and will begin being provided (together, if applicable pursuant to the terms of such benefit, with an adjustment to compensate the Executive for the delay) on the earlier of the six-month anniversary of the Executive' s date of termination or his death or change in control (within the meaning of Section 409A). In addition, any payment or benefit due upon a termination of the Executive's employment that represents "deferred compensation" subject to Section 409A shall be paid or provided to the Executive only upon a

"separation from service" as defined in Treas. Reg. Section 1.409A-1(h). To the extent applicable, each severance payment made under this Agreement shall be deemed to be a separate payment for purposes of Section 409A, and amounts payable under Sections 8(b)(i), S(b)(ii), 8(b)(iii), S(b)(iv), S(b)(v) and 8(b)(vi) of this Agreement (in each case, other than the DSUs) shall be deemed not to be a "deferral of compensation" subject to Section 409A to the extent provided in the exceptions in Treas. Reg. Sections l.409A-l(b)(4) ("short-term deferrals") and (b)(9) ("separation pay plans," including the exception under subparagraph (iii)) and other applicable provisions of Treas. Reg. Section l.409 A-1 through A-6.

(c) Notwithstanding anything to the contrary in this Agreement or elsewhere, any payment or benefit under this Agreement or otherwise that is exempt from Section 409A pursuant to Treas. Reg. Section l.409A-l(b)(9)(v)(A) or (C) shall be paid or provided to the Executive only to the extent that the expenses are not incurred, or the benefits are not provided, beyond the last day of the Executive's second taxable year following the taxable year in which his "separation from service" occurs; and *provided further* that such expenses are reimbursed no later than the last day of the Executive's third taxable year following the taxable year in which his "separation from service" occurs. Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement is determined to be subject to Section 409A, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement in any other taxable year (except for any life-time or other aggregate limitation applicable to medical expenses), in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which the Executive incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit."

9. Continuing Effect of Employment Agreement. Except as expressly modified hereby, the provisions of the Employment Agreement are and shall remain in full force and effect.

10. Governing Law. This Amendment shall in all respects be subject to, and governed by, the laws of the Province of Alberta without giving effect to its conflict of laws principles.

11. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the Company and the Executive have executed and delivered this Amendment on the date first written above.

CANADIAN PACIFIC RAILWAY COMPANY

By: /s/ Paul Hilal
MRCC Chair

By: /s/ Gary F. Colter
Gary F. Colter
Chairman

By: /s/ Peter Edwards
Peter Edwards
Vice President HR and IR

/s/ E.H. Harrison
Hunter Harrison

[Signature Page to Amendment to Employment Agreement between the Company and Hunter Harrison]

Exhibit 10.38

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this **"Agreement")** is made between Canadian Pacific Railway Company and the Sao Line Railroad Company (collectively, the **"Company")** and Keith Creel (the **"Executive"),** effective as of **February 5** 2013 (the **"Effective Date").**

WHEREAS, the Executive has been offered and wishes to accept employment with the Company, serving as its President and Chief Operating Officer ("COO"); and

WHEREAS, the Company and the Executive desire, as of the Effective Date, to enter into a written employment agreement and define the terms of the employment relationship;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, the Company and the Executive agree as follows:

1. **Employment; Office and Duties.** As of the Effective Date the Company shall employ the Executive in the capacity of President and COO with the duties and responsibilities normally incident to such a position, and the Executive hereby accepts such employment, on the terms and conditions set forth below. The Executive shall report directly to the Chief Executive Officer. In his capacity as President and COO, the Executive agrees to perform the duties consistent with such office, and as may be reasonably assigned to him from time to time by the Chief Executive Officer. The Executive may be required to serve as officer or director of one or more subsidiaries or affiliates of the Company or one or more entities in which the Company has an interest.

The Executive shall be expected to devote all of his business time to perform his duties and to promote the success of the Company. The Executive is a fiduciary of the Company and shall act at all times in the Company's best interests. The duties to be performed by the Executive shall include responsibility for managing all aspects of the operations of the Company. The Executive will be based in the Company's Chicago offices and will be required to travel to various locations in both Canada and the United States for business purposes

2. **Compensation.** All amounts expressed in this Agreement are U.S. Dollars unless stated otherwise. If an amount is expressed in Canadian Dollars, it will be converted to USD

immediately prior to payment to the Executive, and payment will be made to the Executive in USO. In consideration of the services to be rendered by the Executive to the Company pursuant to this Agreement, the Executive shall be paid the following compensation and other benefits:

(a) **Salary.** The Company shall pay the Executive an annual base salary of $850,000 USO payable in accordance with the Company's usual payroll practices, or such higher annual base salary as may be established by the Board of Directors of the Company {the "Board") from time to time. The Executive's annual base salary shall be referred to in this Agreement as the **"Annual Salary".** The Annual Salary shall be reviewed annually by the Management Resources and Compensation Committee of the Board and may be increased, but shall not be decreased, without the Executive's consent.

(b) **Short Term Incentive Plan.** The Executive shall be eligible to participate in the Company's Performance Incentive Plan ("STIP") as it may be amended from time to time. At present, the STIP provides the opportunity to earn an annual bonus at a target level of 100% of Annual Salary ("Target Bonus"). The bonus is dependent on corporate performance (75% weighting) and individual performance (25% weighting). Both corporate and individual components currently have a maximum of 200% of target (i.e., for a total of 200% of Annual Salary). The Executive shall fully participate in the STIP for calendar 2013, without pro-rata reduction based on the date he commences employment.

(c) **Long Term Incentive Program ("LTIP"l** The Executive shall be eligible to participate in an LTIP program with an **expected** value of 300% of Annual Salary commencing with the 2013 annual grant, without pro-rata reduction based on the date he commences employment.

(d) **Pension.** The Executive shall participate in the Canadian Pacific US Salaried Retirement Income Plan. In addition, the Executive shall participate in a supplemental executive retirement arrangement {the **"SERP").** The SERP shall provide for a defined contribution of 6 per cent of the Executive's Annual Salary during the term of his employment. All amounts payable under the SERP shall be forfeited if the Executive is in breach of the non-competition or non-solicitation covenants contained in this Agreement.

(e) **Housing.** The Company shall provide reasonable accommodation for the Executive in the City of Calgary in the form of a condominium unit with a monthly cost of approximately $8,000. It is understood that the Executive shall be responsible for applicable income taxes, if any, on this benefit.

(f) **Relocation Expenses / Equity Protection.** If the Executive (in his sole discretion) chooses to relocate his personal residence to Calgary during the term of this Agreement, the Company will reimburse expenses in accordance with its applicable Relocation Policy and will provide equity protection with respect to the sale of the Executive's Illinois residence and purchase of a Calgary residence, in accordance with the Company's applicable Relocation Policy

(g) **Corporate Jet.** The Executive may use the Company's corporate aircraft when available for corporate travel and for limited personal and family use on an otherwise business flight. It is understood that the Executive shall be responsible for applicable income taxes, if any, associated with the benefit of personal and family use.

(h) **Car Allowance.** The Executive shall have a vehicle leased for business and personal use in accordance with the Company's Vehicle Policy. It is understood that the Executive shall be responsible for applicable income taxes on this benefit.

(i) **Club Membership.** The Company shall pay the annual membership dues for one Golf Club membership for the Executive, such membership fees not to exceed
$15,000 per year. It is understood that the Executive shall be responsible for applicable income taxes on this benefit.

(j) **Benefits.** The Executive shall be enrolled in the employee benefit plans made generally available to U.S. based executives of the Company, subject to the terms of said benefit plans, including qualifying provisions and employee contribution requirements.

In addition, the Company shall pay for an executive medical examination once per year.

(k) **Withholdings.** Payments made hereunder shall be made subject to required governmental withholdings.

(l) **Financial Advisory Services.** The Company shall pay for financial counselling services provided to the Executive up to a maximum of $15,000.00 per year.

(m) **Tax Equalization.**

a. The Executive hereby represents that, for the purposes of the Income Tax Act (Canada) and the Canada – United States income tax convention (the **"Treaty"),** the Executive (i) is a resident of the State of Illinois in the United States **("U.S."),** (ii) is not, and is not deemed to be, a resident of Canada, and (iii) is entitled to the benefits of the Treaty.

b. The Company agrees to pay the Executive a tax equalization amount representing incremental income tax, if any, as a result of working for the Company in Canada with respect to taxable income specified herein, the overall intent being that the Executive shall, on an after-tax basis, receive the same amount that he would have received had the Executive earned such income entirely in Illinois. The income used to calculate the payment will be the Annual Salary, STIP, LTIP, termination payments under Section 9, indemnification payments under Section 13, and all employment benefits which are taxable (collectively, the **"Remuneration").**

c. The parties will determine, for any particular calendar year, (i) the notional amount of U.S. federal and Illinois income tax payable by the Executive in respect of the Remuneration, on the assumption that the Executive is not subject to any Canadian taxes for the year **("U.S. Notional Taxes"),** and (ii) the actual aggregate Canadian federal and Alberta income taxes and U.S. federal and Illinois income taxes imposed on the Executive for the year in respect of the Remuneration, inclusive of any applicable foreign tax credits or deductions which the Executive may claim **("Canada/U.S. Taxes").** To the extent that the amount of Canada/U.S. Taxes payable exceeds the U.S. Notional Taxes, the Company will pay the Executive the difference as soon as reasonably practicable following such determination.

d. All determinations required to be made under this Section 2(m} shall be made in the first instance by an internationally recognized accounting firm appointed by the Company and reasonably acceptable to the Executive. All fees

and expenses of the tax accounting firm, including with respect to preparation of tax returns in the U.S. and/or Canada, shall be borne solely by the Company.

e. If the Company is required by law to deduct any amount of income taxes in respect of the payment of the tax equalization amount to the Executive, such amount shall be increased as necessary so that after making all the required deductions, the Executive receives an amount equal to the sum he would have received had no such deductions been made, on an after-tax basis.

f. The Executive will be responsible for compliance with all applicable tax laws and regulations and for the payment of all income taxes, property taxes, customs duties, fees, licenses and other taxes imposed on the Executive by any taxation authority in Canada, the U.S. or elsewhere. Further, interest and penalties that are the result of the Executive failing to file Canadian or U.S. income taxes on a timely or correct basis shall be for the account of the Executive.

g. The Executive agrees to cooperate in good faith with the Company, but at its sole expense, to avoid (to the extent reasonably practicable, through tax structuring or otherwise) incurring any taxes, or associated interest or penalties, that would give rise to a right to a tax equalization payment.

3. **Expenses.** The Company shall promptly reimburse the Executive for his actual out-of-pocket expenses incurred in carrying out his duties hereunder in the conduct of the Company's business, which expenses shall be limited to ordinary and customary items and which shall be supported by vouchers, receipts or similar documentation submitted in accordance with the Company's expense reimbursement policy and as required by law.

4. **Vacations and Leave.** The Executive shall be entitled to five (5) weeks of annual paid vacation per year, and any additional other leave time as is provided for under the Company's personnel policies applicable to executives of the Company. The Company encourages the taking of vacation time during the year in which the vacation time is earned.

5. **Share Ownership.** The Executive shall maintain a minimum level of share ownership set at a multiple of four times (4x) Annual Salary in accordance with the company's share ownership guidelines. Share ownership guidelines can be met through the holding of common shares and deferred share units.

6. **Non-Disclosure of Confidential Information.**

(a) The Executive acknowledges that, as a result of his employment by the Company, he has and will be making use of, acquiring, and/or adding to the Company's Confidential Information (as defined below). Except as required in the performance of the Executive's duties under this Agreement or except in those instances in which the Executive reasonably determines, in good faith, that use or disclosure of Confidential Information is in the best interests of the Company, the Executive will not use or disclose to third parties, directly or indirectly, any Confidential Information, either during his employment or anytime following cessation of his employment. Notwithstanding the foregoing, the Executive will be permitted to disclose any Confidential Information to the extent required by validly issued legal process or court order.

(b) As used herein, **"Confidential Information"** means all confidential and proprietary information of the Company, including, without limitation, any business plan, compilation, list, program, device, formula, pattern, method, technique or process, that: (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means, by other persons who can obtain economic value from its disclosure or use; (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy; and (iii) is owned by the Company. In addition, "Confidential Information" includes, without limitation, both information disclosed to the Executive by the Company and information developed by the Executive in the course of his employment with the Company. The types and categories of information which the Company considers to be its Confidential Information include but are not limited to information concerning the Company's management, financial condition, financial operations, employee lists, customer lists (including potential customers and prospects), pricing information, sales activities, marketing activities, sales and marketing strategies and business plans.

The parties agree that as used herein, "Confidential Information" shall not include the following: (i) information that at the time of disclosure is in the public domain; or (ii) information that, after disclosure, becomes part of the public domain by publication or otherwise through no fault of the Executive.

(c) The Company may also advise the Executive from time to time as to restrictions upon the use or disclosure of specified information that has been licensed or otherwise disclosed to the Company by third parties pursuant to license or confidential disclosure agreements that contain restrictions upon the use or disclosure of such information. The Executive agrees to abide by the restrictions upon use and/or disclosure contained in such agreements to the extent such restrictions do not conflict with this Agreement.

(d) The Company and the Executive agree that it is a term and condition of the Executive's employment that he respect the confidentiality and proprietary interests of his former employer, Canadian National Railway Company and its affiliates ("CN"), and that he not use or disclose any confidential information of CN during his employment with the Company unless and until consent to such use or disclosure is obtained from CN or such information is otherwise in the public domain. The Executive further confirms that he has returned all property of CN, confidential or otherwise, to CN.

7. **Property of the Company/Assignment of Developments.** All documents, encoded media, and other tangible items provided to the Executive by the Company, or prepared, generated or created by the Executive or others in the performance of the Executive's duties under this Agreement are the property of the Company. Upon cessation of the Executive's employment with the Company, the Executive will promptly deliver to the Company all such documents, media and other items in his possession, including all complete or partial copies, recordings, abstracts, notes or reproductions of any kind made from or about such documents, media, items or information contained therein. The Executive will neither have nor claim any right, title or interest in any trademark, copyright, patent, trade secret, service mark or trade name owned or used by the Company.

8. **Non-solicitation of Clients/Covenants Against Competition.**

(a) The Executive acknowledges that by reason of his employment the services he renders to the Company are of a special or unusual character with a unique value to the Company, the loss of which the Company believes cannot adequately be compensated

by damages in an action at law. In view of the Confidential Information known or to be obtained by, or disclosed to the Executive, as set forth above, and as a material inducement to the Company to enter into this Agreement, the Executive covenants and agrees during his employment with the Company and during the Covenant Period (as defined below), the Executive will not, except as otherwise expressly authorized by this Agreement, directly or indirectly, anywhere in North America, own, manage, engage in, operate, control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise) or participate in the ownership, management, operation or control of, any business, whether in corporate, proprietorship or partnership form or otherwise, engaged in the business of a Class 1 Railroad (the **"Restricted Business")** including but not limited to CN, provided, however, that the restrictions contained in this Agreement shall not restrict the acquisition by the Executive, directly or indirectly, of less than 2% of the outstanding capital stock of any publicly traded company engaged in a Restricted Business.

As used herein, the **"Covenant Period"** shall mean the period of the Executive's employment with the Company and, additionally twenty four (24) months following the termination of the Executive's employment, unless terminated without cause and with a retiring allowance in which case the Covenant Period shall extend for three years following termination.

(b) The Executive further covenants and agrees that during the Covenant Period, the Executive shall not, directly or indirectly: (i) cause, solicit, induce or encourage any employee of the Company to leave such employment or hire, employ or otherwise engage any such individual; or (ii) cause, induce or encourage any material actual or prospective client, customer, supplier or licensor of the Company (including any existing or former customer of the Company and any person or entity that becomes a client or customer of the Company after termination of the Executive's employment) or any other person or entity who has a material business relationship with the Company, to terminate or modify any such actual or prospective relationship. As used in this Agreement, a **"former customer"** is a person or entity which has been a customer of the Company within the immediately preceding twenty four (24) month period from the date of solicitation, and a **"prospective client or customer"** is a person or entity to which the Company has submitted a proposal in writing to perform services within the immediately preceding twenty four (24) month period from the date of solicitation. For purposes of

this Section 8(b), general newspaper and other media advertisements shall not be considered solicitation of Company employees.

9. **Term, Termination and Effects of Termination.**

(a) This Agreement shall become legally binding and effective immediately upon the Effective Date and this Agreement and the Executive's employment shall continue for five (5) years, unless earlier terminated as provided herein. The word **"Term"** shall refer to the period of the Executive's employment under this Agreement.

(b) The employment of the Executive and this Agreement may be terminated as follows:

(i) Death. By the Company upon the death of the Executive. In the event of a termination of the Executive's employment due to the death of the Executive, the Company shall pay first to the Executive's surviving spouse, if applicable, or second to the person designated in writing to the Company by the Executive, or third, to the Executive's estate or legal representative, in a lump-sum within thirty (30) days of the date of death, (A) any accrued but unpaid prorata Annual Salary, provided for in Section 2(a) above, (B) any accrued but unpaid expenses required to be reimbursed under Section 3 above and (C) any unused vacation under Section 4 above as of the date of death. Equity compensation, outstanding at the time of death, shall be addressed in accordance with the terms of the applicable plan terms.

(ii) Disability. For the purpose of this Agreement, **"Disability"** means a mental or physical disability whereby the Executive:

(A) is unable, due to illness, disease, mental or physical disability or similar cause, to fulfill his obligations as an executive of the Company for any consecutive six (6) month period, or for any period of eight (8) or more months (whether consecutive or not) in any consecutive twelve (12) month period; or

(B) is declared by a Court of competent jurisdiction to be mentally incompetent or incapable of managing his affairs; and

(C) the disability cannot be accommodated by the Company without causing undue hardship to the Company.

In the event of the Executive's Disability, and notwithstanding continuing entitlements under applicable disability plans, the Company may terminate this Agreement and the Executive's employment by providing thirty (30) days prior written notice to the Executive. Upon termination of the Executive's employment due to Disability, the Company shall have no further obligation to the Executive, with the exception that the Executive shall continue to be entitled to (A) any accrued but unpaid prorata Annual Salary provided for in Section 2(a) above for services rendered through the date of termination, (B) any accrued but unpaid expenses required to be reimbursed under Section 3 above and (C) any unused vacation under Section 4 above as of the date of termination. Equity compensation, outstanding at the time of termination as a result of Disability, shall be addressed in accordance with the terms of the applicable plan terms.

(iii) **Voluntarily by the Executive.** By the Executive upon thirty (30) days advance written notice to the Company, for any reason. In the event of a termination of this Agreement by the Executive, the Company shall pay to the Executive, in a lump-sum within thirty (30) days of the date of termination,

(A) any accrued but unpaid prorata Annual Salary provided for in Section 2(a) above for services rendered through the date of termination, (B) any accrued but unpaid expenses required to be reimbursed under Section 3 above and (C) any unused vacation under Section 4 above as of the date of termination. Equity compensation, outstanding at the time of such termination, shall be addressed in accordance with the terms of the applicable plan terms except as provided in Section 13 below.

(iv) **By the Company for Cause.** By the Company for Cause immediately upon written notice to the Executive. For purposes of this Agreement, **"Cause"** means any one of the following: (A) the commission by the Executive of any wilful act of dishonesty, misappropriation, embezzlement or fraud against the Company or in the course of, related to or connected with the business of the Company; (B) a material breach by the Executive of any of his obligations under this Agreement, which breach remains uncured for a period of thirty (30) days

after written notice to the Executive setting forth in detail the particulars of the breach; or (C) any act or omission which constitutes "just cause" at common law for summary termination of the Executive's employment.

In the event of the termination of the Executive's employment by the Company for Cause, the Company shall pay to the Executive, in a lump-sum within thirty (30) days of the date of termination, (A} any accrued but unpaid prorata Annual Salary provided for in Section 2(a) above for services rendered through the date of termination, and (B) any accrued but unpaid expenses required to be reimbursed under Section 3 above, and (C) any unused vacation under Section 4 above as of the date of termination. The Company may offset from the amounts due to the Executive under this Section 8(b)(iv) all sums, if any, due from the Executive to the Company. Equity compensation, outstanding at the time of such, shall be addressed in accordance with the terms of the applicable plan terms except as provided in Section 13 below.

(v) **By the Company without Cause or on Expiry of Term.** By the Company upon thirty (30) days advance written notice to the Executive, for any reason other than Cause.

In the event of a termination of the Executive's employment by the Company without Cause (including a constructive dismissal), or in the event the Term expires five years from the Effective Date in circumstances in which the Company is not continuing or offering to continue the employment of the Executive on comparable or improved terms and conditions of employment, compared to those in effect on completion of the Term, the Company shall pay to the Executive, in a lump-sum within thirty (30) days of the date of termination, (A) retiring allowance in the amount of three years Annual Salary and Target Bonus, less amounts required by law to be withheld, (B) any accrued but unpaid prorata Annual Salary provided for in Section 2(a) above for services rendered through the date of termination, (C) any accrued but unpaid expenses required to be reimbursed under Section 3 above, (D) any unused vacation under Section 4 above as of the date of termination. Equity compensation, outstanding at the time of such termination, shall be addressed in accordance with the terms of the applicable plan terms.

iv) Notwithstanding the foregoing, if the Executive's employment is terminated without cause (including constructive dismissal) with more than three years remaining in the Term, a lump sum payment equivalent to Annual Salary and Target Bonus for the period remaining until the end of the Term shall be paid rather than the sum payable pursuant to Section 9(b)(v)A above.

The Executive acknowledges that the payments provided pursuant to this Agreement supersede and replace any and all rights to reasonable notice of termination that the Executive might otherwise be entitled to at common law, and the Executive expressly waives any rights to such notice. The Executive agrees that the payments are deemed conclusively to be reasonable notice of termination and specifically include all amounts owed for termination and/or severance pay arising under any contract, statute, common law or otherwise.

10. **Resignation From All Positions Upon Termination and Release.** The Executive agrees that he hereby resigns from all other positions held by him with the Company and any entity in the Company, including without limitation any position as a director, officer, agent, trustee or consultant unless otherwise agreed with the Company, effective on the date when the Executive's employment with the Company terminates. In addition, and in exchange for the full severance payment paid to the Executive pursuant to Sections 9(b)(v) or(vi), above, and satisfaction of any other obligation owed by the Company to the Executive, the Executive shall sign a full and final release of the Company in a form satisfactory to the Company, acting reasonably, which release shall not impose any post-employment obligations on the Executive beyond those set forth in this Agreement.

11. **Post-Termination Cooperation.** The Executive shall, following the termination of the Executive's employment for any reason (including but not limited to retirement or the end of the Term), cooperate with the Company's reasonable requests relating to (A) matters that pertain to the Executive's employment with the Company and the transition of duties to the Executive's successor; and (B) any legal proceedings involving the Company or any of its affiliates.

12. **Indemnification.** The Company shall indemnify the Executive, and hold him harmless, to the maximum extent permitted under law, if he is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Company, by reason of the fact that the Executive is or was a director, officer, employee or agent of the Company, or

is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against all expenses, including attorneys' fees, judgments, fines and amounts paid in settlement. To the extent permitted by applicable law, this Indemnity includes the obligation of the Company to pay for and provide defence legal counsel for the Executive and to pay the costs of the defence as the same are incurred. The Company may, but is not required to, procure directors' and officers' liability insurance to cover any such indemnification obligation. In the event the Company is indemnifying the Executive under this Agreement, the Company may select and engage the legal counsel representing the Executive.

13. **Indemnification Regarding Prior Employment.** The Executive has advised the Company that, as a result of the Executive advising CN, at CN's request, that he had been contacted by a search firm and was considering his employment options, CN suspended certain compensation arrangements of the Executive notwithstanding its contractual obligations to him, creating the potential for substantial compensation losses for the Executive. As a result, the Company agrees to indemnify the Executive for all amounts that were required to be paid to the Executive by CN pursuant to its agreements with the Executive, but for his advising CN that he was considering his options and his acceptance of employment with the Company ("Losses"). The Executive shall be indemnified for the Losses as follows:

(i) The Executive shall be granted deferred share units ("OSUs) under the Canadian Pacific Railway Limited Senior Executives Deferred Share Unit Plan valued at $2,721,581 effective on the earliest date permissible following the Executive's commencement of employment, subject to a two year vesting period;

(ii) The Executive shall be granted DSUs valued at $680,395 effective on the earliest date permissible following the Executive's commencement of employment, subject to a three year vesting period;

(iii) The Executive shall be granted PSUs with an expected value of $2,617,373 under the Corporation's Performance Share Unit Plan for Eligible Employees, effective upon commencement of employment, upon the same terms as those PSUs approved by the Board for Company executives in November 2012;

(iv) Subject to TSX approval, the Executive was granted 159,100 stock options with an expected value of $3,867,373 on February 4, 2013 with strike price of $115.78 Cdn. Twenty-five per cent of such options shall vest on each anniversary date of the grant over a four year period;

(v) The Executive shall be paid $10,720,278 in cash on commencement of employment with the Company;

all of which shall be subject to the applicable compensation plans and programs of the Company and provided, however, that if the Executive resigns his employment with the Company during the Term or has such employment terminated for cause, he shall repay up to $11.6 million of the amounts awarded to him pursuant to this Section 13, based on the following schedule:

Resignation date	Amount repayable
On or before February 5, 2014	100%
From Feb 6 2014 to Feb 5 2015	80%
From Feb 6 2015 to Feb 5 2016	60%
From Feb 6 2016 to Feb 5 2017	40%
From Feb 6 2017 to Feb 5 2018	20%

In addition to the Indemnification obligations in Section 12, the Company further agrees to defend, indemnify and hold harmless, to the fullest extent permitted by applicable law, the Executive against all other losses, claims, damages, liabilities and expenses incurred by the Executive in connection with any action, suit or proceeding brought by or arising out of or related to the Executive's prospective or actual employment with the Company {"Action") including:

i) any claim by CN to recover up to $3.8 million in relation to a 2009 RSU payment previously paid to the Executive; and

ii) up to $3.4 million received by the Executive in relation to options exercised by the Executive pursuant to a 2009 option grant;

and in connection with any refusal by CN to pay the Executive, or withhold any benefits payable to the Executive, under CN's 2001 Supplemental Retirement Plan for Employees of CN U.S. Subsidiaries, it being agreed that the amount of such benefits is $10,876.00 monthly, commencing in June 2033.

The parties do not believe that there is any good faith basis for concluding that any injunctive relief sought by CN would be appropriate. Further, the parties believe that injunctive relief would cause the Company and the Executive irreparable harm that could not be compensated fully through monetary relief. In the unlikely event that CN is successful in obtaining injunctive relief, the Company will pay the Executive and provide all compensation and benefits in this Agreement to him as if he were actively employed at the Company during the period of the injunction, which includes STIP calculated at Target Bonus and LTIP calculated at the expected value of 300% of Annual Salary.

In connection with any Action, the Company shall have the right (and with respect to any action by CN against the Executive, the obligation) to assume the prosecution or defense thereof and shall not be liable to the Executive for any legal expenses of other counsel or any other expenses subsequently incurred by the Executive in connection with the defense thereof, except that (1) the Executive may retain separate counsel reasonably satisfactory to the Company to monitor the litigation, and the Company shall pay all reasonable fees and expenses of such counsel; and (2) if counsel for the Executive advises that there are issues that raise conflicts of interest between the Company and the Executive, The Executive may retain separate counsel reasonably satisfactory to the Company for the litigation, and the Company shall pay all reasonable fees and expenses of such counsel.

To the extent the Company advances or pays any amounts under this agreement and CN later pays the Executive in respect therefore, the Executive shall promptly transfer such amounts to the Company, up to the amount previously advanced or paid by the Company, together with any interest paid thereon.

The Executive shall promptly notify the Company in writing in the event of any claims actually made against the Executive or known by the Executive to be threatened if the Executive intends to seek indemnification hereunder in respect of such claims. The Company shall not be responsible for any settlement of any claim against the Executive covered by this letter agreement without the Company's prior written consent. However, the Company may not enter

into any settlement of any such claim without the Executive's consent unless the settlement includes a release of the Executive from any and all liability in respect of such claim.

14. **Waiver.** A party's failure to insist on compliance or enforcement of any provision of this Agreement shall not affect the validity or enforceability or constitute a waiver of future enforcement of that provision or of any other provision of this Agreement by that party or any other party.

15. **Governing Law; Costs and Remedies.** This Agreement shall in all respects be subject to, and governed by, the laws of the Province of Alberta without giving effect to its conflict of laws principles and the parties hereby attorn to the jurisdiction of the Courts of the Province of Alberta. In addition to any remedies that may be available at law or in equity as a result of a breach of this Agreement, in the event of a breach or threatened breach by the Executive of any of the covenants in Sections 6, 7 or 8 above, the Company shall have the right to seek monetary damages and equitable relief, including, without limitation, specific performance by means of an injunction against the Executive to prevent or restrain any such breach.

16. **Severability.** If for any reason any Section, term or provision of this Agreement is held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed and enforced as if such provision had not been included herein and all other valid provisions herein shall remain in full force and effect.

17. **Notice.** Any and all notices and other communications required or permitted herein shall be in writing and deemed delivered if delivered personally, or sent by recognized overnight courier or registered or certified mail to the Company at its principal place of business, or to the Executive at the address hereinafter set forth following the Executive's signature, or at such other address or addresses as either party may hereafter designate in writing to the other, except that such notice of change of address will only be effective upon receipt.

18. **Amendments.** This Agreement may be amended at any time by mutual consent of the parties hereto, with any such amendment to be invalid unless in writing, signed by the Company and the Executive.

19. **Entire Agreement.** This Agreement contains the entire agreement and understanding between the Executive and the Company with respect to the employment of the Executive with

the Company, subject to the employment policies of the Company generally applicable to executives. The parties agree that no prior representations, promises, agreements, or understandings, written or oral, with respect to such employment not contained in this Agreement shall be of any force or effect.

20. **Continuing Terms.** The Company and the Executive agree that in the event of cessation of the Executive's employment, and regardless of the reason for such cessation, the Executive shall continue to owe the Company fiduciary obligations and the provisions of Sections 6, 7, 8, and 10 through 19 of this Agreement shall continue to be in full force and effect in accordance with their terms.

21. **Burden and Benefit.** This Agreement may not be assigned by either party hereto without the prior written consent of the other party. This Agreement, together with any amendments hereto, shall be binding upon the Company's successors and will inure to the benefit of the Executive's estate, heirs and personal representatives.

22. **Headings.** The various headings in this Agreement are inserted for convenience only and are not part of the Agreement.

23. **Company Clawback Policy.** The Executive agrees to be bound by the Company's Clawback Policy for Executives, as amended from time to time, and to execute a copy of the policy.

24. **Counterpart.** The parties agree to execute this Agreement in counterpart and the separately executed versions shall be construed as one document.

IN WITNESS WHEREOF, the Company and the Executive have duly executed this Agreement intending to be bound by the terms set forth herein.

CANADIAN PACIFIC RAILWAY COMPANY

Per: /s/ E.H. Harrison

E. Hunter Harrison
Chief Executive Officer
Date:

Per: /s/ peter Edwards

Peter Edwards
Vice President HR and IR

SOO LINE RAILROAD COMPANY

/s/ E.H. Harrison

E. Hunter Harrison

Chief Executive

Officer Date:

"signed"

Witness

/s/ Keith Creel

KEITH CREEL

Exhibit 10.39

Peter Edwards
Vice-President
Human Resources & Labour Relations

7550 Ogden Dale Road SE
Calgary Alberta
Canada T2C 4X9

T 403 319 3235

peter_edwards@cpr.ca

Mr. Keith Creel
President and Chief Operating Officer
CP

August 10th, 2015

Keith:

As part of CP's long term succession plan, you were recently appointed as a Company (non-independent) director on CP's Board. Coincident with this appointment and as the next step in your expected progression, the following changes will be made to your existing employment agreement with Canadian Pacific Railway Company and Soo Line Railroad Company dated February 5, 2013 ("Employment Agreement"):

1) Effective June 25th your **Employment Agreement** and any renewals or extensions will be considered to be solely with Canadian Pacific Railway Company (CP).
2) Your position will be based at CP's head office in Calgary, Alberta, Canada effective as soon as possible but no later than August 30th, 2015.
3) CP will be solely responsible for the cost, administration and payment of any accrued compensation amounts that are owed or will be owing to the executive.
4) The **Employment Agreement** specifically contemplates tax equalization between United States and Canadian jurisdictions. This arrangement continues in place.
5) To recognize and offset any expected additional costs, effective January, 1ST 2016 your annual salary will be increased by $25,000 USD.
6) To acknowledge your continuing SOO line duties, $150,000 of your base salary will be paid through US payroll. All other compensation will be paid through the Canadian payroll of Canadian Pacific Railway Company.
7) Effective as soon as possible, but no later than August 30, 2015, you will no longer participate in the Canadian Pacific US Salaried Retirement Income Plan, Canadian Pacific US Supplemental Executive Retirement Plan and the 401K plan. Effective the same date, you will be enrolled in the Defined Contribution Option of the Canadian Pacific Railway Company Pension Plan and the Canadian Pacific Railway Supplemental Executive Retirement Plan.
8) Future equity grants will continue to be issued on the NYSE (New York Stock Exchange) in USD.
9) All compensation and benefits are calculated and paid in USD.
10) This supplement contemplates that you will be made whole for any tax and related expenses that are required to effect these changes that have not been anticipated by this amendment.

To indicate your acceptance of these amendments to your existing Employment Agreement, please sign and return a copy to my attention.

Sincerely,

/s/ Peter Edwards

Peter J. Edwards
Vice President of Human Resources
CP

I concur with the terms of this agreement

/s/ Keith Creel_____
Keith Creel
President and Chief Operating Officer
CP

Signed __August 10, 2015_____
At Calgary, Alberta

Witnessed /s/ John Derry_____

Exhibit 10.40

Peter Edwards
Vice-President
Human Resources & Labour Relations

7550 Ogden Dale Road SE
Calgary Alberta
Canada T2C 4X9

T 403 319 3235

peter_edwards@cpr.ca

April 30, 2015

Private and Confidential

Mr. Mark Erceg
(sent via email)

Dear Mark,

Per our discussion, I would like to formally offer you the position of Executive Vice President and Chief Financial Officer of Canadian Pacific Railway Limited effective on or before June 1, 2015 reporting to Mr. Hunter Harrison, Chief Executive Officer. The location of the position will be Calgary Alberta, subject to you being legally eligible to work in Canada. This process may take up to 4 months.

Yours will be a fast paced portfolio where you will become immersed in the issues we face every day as a Class I Railroad. CP continues to go through a major culture change and we have become a strong competitor among the Class I railroads. We have done this through the disciplined application of our core Foundations: Provide Service, Control Costs, Optimize Assets, Operate Safely and Develop People. Your work at CP will involve elements of all our foundations and I am confident that your skills will complement the executive team and your career with CP will be challenging and rewarding.

In this role your base salary will be $535,000USD. The expected value of your total compensation package (base salary, short term and long term incentive plans) will be $2,434,250USD annually.

Please find attached the details and contingencies of this offer. Please also confirm your acceptance of this position by completing the portion found on page 8 of this letter and returning a copy to me by Friday, May 1, 2015.

CP's transformation to date has been impressive. It can be even better with you on our team. Mark, I look forward to working with you on the many opportunities we have ahead of us.

Sincerely,

/s/ Peter Edwards

Peter Edwards
VP Human Resources and Labour Relations

CP OFFER DETAILS

Short Term Incentive Plan (STIP)

You will be eligible to participate in the Short Term Incentive Plan (STIP). Your target award level will be 80% of your base salary (or $428,000USD). This annual bonus is comprised of two components, individual and corporate: 25% will be based on your individual performance as measured through the Company's Performance Management Program and the remaining 75% will be based on the Company's performance against its corporate targets. Both corporate and individual components have a maximum of 200% of target (i.e., for a total of 160% of base salary). For 2015, you will be eligible to receive a prorated amount.

Long Term Incentive Plan (LTIP)

You will be eligible to participate in CP's annual Long Term Incentive Plan. Subject to plan design, as it may change over time and ongoing Board discretion, your target award level will be 275% of your annual salary (or $1,471,250USD), and will be delivered in performance share units (PSU's) and time vested options. Subject to Board approval, annual grants typically occur in January of each year.

Special Payments

In recognition of incentive payments that will be forfeited upon your resignation from your previous employer, you will be entitled to the following special payments/grants:

- $750,000USD cash, payable within 60 days following commencement of employment with full repayment if employment ceases prior to December 31, 2016 unless employment is terminated without cause by the Company, in such case, no repayment is required.
- $1,441,000USD expected value of option grant that vests over 4 years
- $1,441,000USD expected value in performance share units. This grant is subject to the performance criteria set out for the Company's 2015 PSU grant whose performance period ends on December 31, 2017.

The actual number of units awarded will be based on the closing price of a share on the relevant stock exchange on the date you commence employment (or the next available date should the CEO be in a blackout position).

Ownership Guidelines

By five (5) years from the effective date of this position, you will be required to achieve an ownership level equivalent to 3 times your annual salary. To help you meet your ownership requirements, the Company has a voluntary incentive deferral program. Annually, you may elect to defer all or a portion of your STIP payment into DSUs. The company will provide a 25% match, i.e., one DSU will be awarded for every four DSUs acquired with your STIP deferral. The matched units will only be provided if you are below your ownership level.

Canadian Pacific Pension Plan
You will be enrolled in the Defined Contribution (DC) Option of the Canadian Pacific Pension Plan. CP's competitive DC plan features employer and employee contributions which increase over time based on your combined age and years of service. For more information, please contact Pension Services by telephone at toll free 1-888-511-7557 or Local in Calgary at 319-3035, or by e-mail at pension@cpr.ca.

The following illustrates DC contribution levels.

Employee Contribution	Age plus service points	**CP** Contribution	Age plus service points
4% of earnings	<40	4%	<40
5% of earnings	40-49	5%	40-49
6% of earnings	50+	6%	50-59
		7%	60-69
		8%	70+

In addition, you will be eligible to participate in the Canadian Pacific Railway Company Supplemental Retirement Plan (the Supplemental Plan), which is fully paid by the Company. Supplemental benefits include pension benefits in excess of the Canada Revenue Agency maximums for the DC pension plan. For your level, this plan provides an additional notional contribution of 6% of your base salary and bonus annually.

Canadian Pacific Automobile Plan
Subject to the terms of the executive automobile plan, you are entitled to select an automobile up to a value of $48,600 Cdn (excluding sales tax, transportation, and license costs). The plan also allows you to exceed this limit but at your own expense**.**

The Company will obtain a vehicle and make it available for unrestricted use by yourself and immediate family members who reside with you (as well as occasional use by others). The Company will pay or will reimburse you for maintenance and operating expenses. The vehicle will be replaced after four (4) years or 100,000 kms, whichever occurs first.

Please note that depending on the vehicle selected, it may take up to 6 months from order placement to receive your vehicle, and as a result, to begin taking advantage of this benefit.

Benefits
You will be eligible to participate in CP's *Flex*Benefits administered through Manulife, our benefits provider. In addition to your core coverage, you will be given individual choices regarding each of the following: life insurances for you and your dependents, long-term disability, health care, dental care and personal travel insurance.

Upon residency in Alberta you will be eligible for Alberta Health Care.

You are also eligible to an annual executive medical examination. The examination includes a number of tests, which will assist in determining your health status as well as recommending preventative and/or curative measures, thus optimizing your health. The medical information obtained during the examination remains strictly confidential.

Financial Counselling/Club Memberships
The company will pay the annual dues for a club membership to a maximum of $4,000 as well as reimburse for financial counselling to a maximum of $7,200 annually. Any unused portion will be paid out in cash at year end. You will be responsible for the applicable taxes on this benefit.

Employee Share Purchase Plan (ESPP)
You can own part of CP through the Employee Share Purchase Plan (ESPP). CP shares may be purchased through payroll deduction and CP will match a portion of every dollar you invest (subject to certain vesting and contribution conditions). Participants may contribute between one and ten percent of eligible earnings to the Plan. The Company will contribute 33 cents for every dollar contributed to the Plan on the first 6% of your contributions, on an ongoing basis.

Vacation
You are entitled to five weeks' vacation per year. For 2015, your vacation entitlement will be prorated according to your start date.

Relocation
The relocation of you, your family and your household effects will be governed by the Company's Relocation Policy #8801, with the exception of equity protection. Please ensure that the request for Relocation Form (Appendix I) is returned with your signed acceptance as soon as possible in order to initiate your move. Once returned to us, Brookfield Global Relocation Services (BGRS) will then contact you to initiate the process and answer any questions you might have.

Executive Compensation Clawback
By signing this offer letter you are agreeing to be bound by the Executive Compensation Clawback Policy. The Corporation may seek reimbursement of incentive compensation paid to you, specifically, where (i) you have received or receive incentive compensation that is based on financial results that are subsequently materially restated or corrected, (ii) through misconduct, you are responsible for causing the need for such restatement or correction, and (iii) your incentive compensation would have been lower based on the restated or corrected results.

The Board may from time to time approve amendments to the Executive Compensation Clawback Policy. If such amendments are made, you will be advised immediately. For further information please see Appendix 2.

Severance
In the event your employment with Canadian Pacific Railway is terminated by the Company without cause, it is agreed that the severance payment, including any payment in lieu of notice to which you will be entitled, will be equal to 24 months' of your annual base salary and continued coverage under the Company's *Flex*Benefits for 24 months. Equity compensation and pension benefits, outstanding at the time of such termination, shall be addressed in accordance with the terms of the applicable plan. No other notice or severance entitlements shall apply.

Your entitlement to the non-statutory payments and other benefits provided for above will be conditional on your providing the Company will a Full & Final Release of any and all employment related forms, in a form that is satisfactory to the Company, acting reasonably.

In the event of a change in control of the organization, you will also be offered certain enhanced benefits should you be involuntarily severed as a result of the change in control. Upon commencement of employment, you will receive a separate Change in Control Agreement to sign outlining the terms and benefits of such agreement.

Non-Compete/Non Solicitation
You acknowledge and agree to sign the Non-Compete / Non-Solicit Agreement contained in Appendix 3.

Your participation in the Plans mentioned above is governed by the appropriate Plan documents, which detail the precise Plan terms and conditions. These terms and conditions may be revised at any time at the discretion of the Company. You will be provided copies of the relevant Plan documents upon commencement of employ and should you wish a copy of any Plan document throughout your employment, please contact HR.

Additional Information

Obtaining or Maintaining Qualification
Provided you are qualified to perform the functions for safety-critical positions pursuant to applicable laws or regulations, which can include applicable medical, drug or alcohol testing, you may be required to obtain a certification or to maintain your current certification/qualification as locomotive engineer or conductor, as you may be called upon to operate trains as and when required for business operational purposes. This may involve operating trains away from your normal work location. If called upon to perform such service, you will become subject to applicable regulatory and qualification requirements for such safety-sensitive position unless otherwise already subject to such laws or regulations in your current position.

Change in Work Location
As an employer with international operations, the possibility does exist that the location of your position may be changed at the Company's discretion. You will be provided with written notice of any such change should one arise. Employees may be eligible for relocation benefits under the Company's relocation policy in effect at the time of the

change in location, provided that the change in location qualifies for such benefits under the terms of the policy.

Code of Business Ethics

As a condition of employment, you will be required to read CP's Code of Business Ethics and electronically sign an acknowledgement that you have read and agree to adhere to the Code of Business Ethics. You will be provided with mandatory on-line training on CP's Code of Ethics after the commencement of your employment with the Company. In addition, your photograph will be posted in our Talent Management database for the purpose of supporting the employee development and succession planning processes.

Offer Contingencies:

This offer is contingent on CP Board approval and your ability to work in Canada. Canadian Pacific agrees to arrange for the preparation and filing of the applicable documents for you and your family to be sent to Citizenship and Immigration Canada. You are required to provide any and all information pertinent to the filing of those applications.

CP Offer Summary

Position Title	EVP and CFO
Location	Within 4 months, Calgary AB, Canada
Reporting to:	Hunter Harrison
Effective Date	On or before June 1, 2015
Salary Level	
Base Salary	$ 535,000USD
Short Term Incentive Plan (STIP)	$ 428,000 (80% of salary)
Long Term Incentive Plan (LTIP)	$ 1,471,250 (275% of salary)
Total Direct Compensation (base salary +STIP+LTIP)	$ 2,434,250
Pension Plan	Applicable plan plus Supplemental Plan
Benefits	Life, disability and health and dental for you and your eligible dependents
Perks	Executive automobile, financial counselling, club membership fees
Vacation Benefit	5 weeks
Employee Share Purchase (ESPP)	• You can contribute 1% to 10% of base salary • CP will contribute 33 cents for every dollar up to the first 6% of your contribution

Please acknowledge below your acceptance of this offer and return a copy to me for our records.

Accepted: _____ Dated: _____
(Signature)

Not Accepted: _____ Dated: _____
(Signature)

Appendix 1

Request for Relocation Form

Complete this form as it will be submitted to BGRS who will be contacting you to initiate your “Relocation Journey”

Relocating Employee Information	
Name	Mark Erceg
Employee Number	
Job Title	EVP and CFO
Office Phone Number	
Home Phone Number	
Cell Phone Number	
E-mail Address	
Spouse/Partner Information	
Name	
Current Property Information	
Address:	
File Information for BGRS	
Origin City	
Destination City & Province	Calgary AB
Start Date at New Location	
Home Owner	
Renter	
# of Pets	
# of Children and ages	
CP Information	
Cost Centre Company Code	
Cost Centre to Charge Relocation Costs, if not same as above	
CEO Approver Name	Hunter Harrison
Hiring Manager Name	Hunter Harrison
Hiring Manager e-mail	Hunter_Harrison@cpr.ca

I have read and agree to the relevant CP Relocation Policy:

_____
Signature

_____
Date

Appendix 2

Executive Compensation Clawback Policy

The Board of Directors may determine that incentive compensation paid to a senior executive or former senior executive should be reimbursed to the Company in circumstances where:

1. The incentive compensation paid to the senior executive or former senior executive was predicated upon the achievement of financial results that were subsequently materially restated or corrected, in whole or in part; and

2. The senior executive or former senior executive engaged in gross negligence, fraud or intentional misconduct that caused or partially caused the need for such restatement or correction, as admitted by the senior executive, or, in the absence of such admission, as determined by the Board acting reasonably; and

3. The incentive compensation paid to the senior executive or former senior executive would have been lower based on the restated or corrected results.

Intentional misconduct includes (but is not limited to) acts or omissions that are not in good faith or which are a knowing violation of a law, and can also include conscious inaction, where no corrective measures were taken to avoid or rectify a material decision made, which resulted in financial harm to the Company.

In such an instance, reimbursement of all or a portion of the applicable incentive compensation paid to the senior executive or former senior executive under the Company's incentive plans will be sought, as permitted by applicable laws and to the extent the Board determines, in its sole discretion, that it is in the best interest of the Company to so require reimbursement (including to ensure compliance with applicable laws).

If it is determined recovery should be sought, the Board may pursue all reasonable legal and other remedies to recover the applicable incentive compensation, including, without limitation, by: (i) seeking repayment from the senior executive or former senior executive; (ii) reducing the amount that would otherwise be payable to the senior executive under a Company plan; (iii) reducing or withholding future equity grants, bonus awards, or salary increases; or (iv) taking any combination of these actions. These remedies would be in addition to, and not in lieu of, any actions imposed by law enforcement agencies, regulators or other authorities.

Appendix 3

Non-Compete / Non-Solicit Agreement

THIS AGREEMENT made as of the ___ day of May 2015.

BETWEEN

CANADIAN PACIFIC RAILWAY COMPANY,
A corporation organized under the laws of Canada,
(the "Corporation")
having a mailing address of
7550 Ogden Dale Road SE
Calgary, Alberta
T2C 4X9

- and –

Mark Erceg
having a mailing address of
18713 Hillstone Drive
Odessa, FL 33556

(the "Executive")

1. **Non-Disclosure of Confidential Information.**

(a) The Executive acknowledges that, as a result of his employment by the Company, he has and will be making use of, acquiring, and/or adding to the Company's Confidential Information (as defined below). Except as required in the performance of the Executive's duties under this Agreement or except in those instances in which the Executive reasonably determines, in good faith, that use or disclosure of Confidential Information is in the best interests of the Company, the Executive will not use or disclose to third parties, directly or indirectly, any Confidential Information, either during his employment or anytime following cessation of his employment. Notwithstanding the foregoing, the Executive will be permitted to disclose any Confidential Information to the extent required by validly issued legal process or court order.

(b) As used herein, "**Confidential Information**" means all confidential and proprietary information of the Company, including, without limitation, any business plan, compilation, list, program, device, formula, pattern, method, technique or process, that: (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means, by other persons who can obtain economic value from its disclosure or use; (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy; and (iii) is owned by the Company. In addition, "Confidential Information" includes, without limitation, both information disclosed to the Executive by the Company and information developed by the Executive in the course of his employment with the Company. The types and categories of information which the Company considers to be its Confidential Information include but are not limited to information concerning the Company's management, financial condition, financial operations, employee lists, customer lists (including potential customers and prospects), pricing information, sales activities, marketing activities, sales and marketing strategies and business plans.

The parties agree that as used herein, "Confidential Information" shall not include the following: (i) information that at the time of disclosure is in the public domain; or (ii) information that, after disclosure, becomes part of the public domain by publication or otherwise through no fault of the Executive.

(c) The Company may also advise the Executive from time to time as to restrictions upon the use or disclosure of specified information that has been licensed or otherwise disclosed to the Company by third parties pursuant to license or confidential disclosure agreements that contain restrictions upon the use or disclosure of such information. The Executive agrees to abide by the restrictions upon use and/or disclosure contained in such agreements to the extent such restrictions do not conflict with this Agreement.

Property of the Company/Assignment of Developments. All documents, encoded media, and other tangible items provided to the Executive by the

Company, or prepared, generated or created by the Executive or others in the performance of the Executive's duties under this Agreement are the property of the Company. Upon cessation of the Executive's employment with the Company, the Executive will promptly deliver to the Company all such documents, media and other items in his possession, including all complete or partial copies, recordings, abstracts, notes or reproductions of any kind made from or about such documents, media, items or information contained therein. The Executive will neither have nor claim any right, title or interest in any trademark, copyright, patent, trade secret, service mark or trade name owned or used by the Company.

2. **Non-solicitation of Clients/Covenants Against Competition.**

(a) The Executive acknowledges that by reason of his employment the services he renders to the Company are of a special or unusual character with a unique value to the Company, the loss of which the Company believes cannot adequately be compensated by damages in an action at law. In view of the Confidential Information known or to be obtained by, or disclosed to the Executive, as set forth above, and as a material inducement to the Company to enter into this Agreement, the Executive covenants and agrees that he will not, except as otherwise expressly authorized by this Agreement, directly or indirectly, anywhere in North America, own, manage, engage in, operate, control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise) or participate in the ownership, management, operation or control of, any business, whether in corporate, proprietorship or partnership form or otherwise, engaged in the business of a Class 1 Railroad (the "**Restricted Business**") during the Covenant Period (as defined below), provided, however, that the restrictions contained in this Agreement shall not restrict the acquisition by the Executive, directly or indirectly, of less than 2% of the outstanding capital stock of any publicly traded company engaged in a Restricted Business.

As used herein, the "**Covenant Period**" shall mean the period of the Executive's employment with the Company and, additionally twenty four (24) months following

the termination of the Executive's employment, regardless of the reason for termination.

(b) The Executive further covenants and agrees that during the Covenant Period, the Executive shall not, directly or indirectly: (i) cause, solicit, induce or encourage any employee of the Company (or any person who was so employed within twelve (12) months prior to the Executive's action) to leave such employment or hire, employ or otherwise engage any such individual; or (ii) cause, induce or encourage any material actual or prospective client, customer, supplier or licensor of the Company (including any existing or former customer of the Company and any person or entity that becomes a client or customer of the Company after termination of the Executive's employment) or any other person or entity who has a material business relationship with the Company, to terminate or modify any such actual or prospective relationship. As used in this Agreement, a "**former customer**" is a person or entity which has been a customer of the Company within the immediately preceding twenty four (24) month period from the date of solicitation, and a "**prospective client or customer**" is a person or entity to which the Company has submitted a proposal in writing to perform services within the immediately preceding twenty four (24) month period from the date of solicitation. For purposes of this Section 8(b), general newspaper and other media advertisements shall not be considered solicitation of Company employees.

IN WITNESS WHEREOF, the Company and the Executive have duly executed this Agreement intending to be bound by the terms set forth herein.

CANADIAN PACIFIC RAILWAY COMPANY

Per /s/ E.H. Harrison

E. Hunter Harrison
Chief Executive Officer
Date: May 1, 2015

Per /s/ Peter Edwards

Peter Edwards
Vice President HR and LR
Date: May 1, 2015

"signed"	/s/ Mark Erceg
Witness	**Mark Erceg**
5/3/15	5/1/2015
Date	Date:

Exhibit 10.41

CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT made as of the 18th day of May 2015.

BETWEEN

CANADIAN PACIFIC RAILWAY COMPANY,
A corporation organized under the laws of Canada,
(the "Corporation")
having a mailing address of
7550 Ogden Dale Road
Calgary, Alberta
T2C 4X9

- and –

Mark Erceg
having a mailing address of
7550 Ogden Dale Road
in the Province of
Alberta
(the "Executive")

WHEREAS the Board of Directors of the Corporation (the "Board") recognizes that the establishment and maintenance of a sound and vital management team is essential to the protection and enhancement of the best interests of the Corporation and its shareholders;

AND WHEREAS the Board further recognizes that, as is the case with many corporations, the possibility of a Change in Control of the Corporation could arise and create a climate of uncertainty among the Corporation's Officers, and could result in the resignation or distraction of such Officers to the detriment of the Corporation and its shareholders;

AND WHEREAS, in order to induce the Executive to remain in the employ of the Corporation and to assure the Corporation of the Executive's continued and undivided attention and services, notwithstanding any events which might result in a Change in Control of the Corporation, this Agreement, which has been approved by the Board, records certain benefits extended to the Executive.

NOW THEREFORE, the Parties hereby mutually covenant and agree as follows:

1. Definitions

The following terms shall have the meanings assigned to them below.

(a) "Accrued Compensation" shall mean all amounts earned or accrued through the Termination Date but not paid as of the Termination Date including (i) base salary at the rate which is the greater of the rate in effect immediately prior to the Change in Control and the rate in effect on the Termination Date, (ii) reimbursement for reasonable and necessary expenses incurred by the Executive on behalf of the Corporation during the period ending on the Termination Date, (iii) vacation pay, (iv) any amounts to be paid to the Executive under the Corporation's benefit and pension plans, and (v) any short term or long term incentive award with respect to the Corporation's fiscal year ended prior to the Termination Date.

(b) "Cause" shall mean and be limited to:

(i) the wilful and continued failure by the Executive to substantially perform the Executive's duties with the Corporation after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, and the Executive fails to correct such failure to perform the Executive's duties within 30 days after such written demand is delivered to the Executive; provided, however, that if such failure is as a result of the Executive's Disability or Retirement or occurs after the happening of circumstances which would entitle the Executive to terminate for Good Reason, the same will not constitute the basis for "Cause"; or

(ii) the wilful engaging by the Executive in conduct which is demonstrably and materially injurious to the Corporation, monetarily or otherwise. For purposes of this definition, any action by the Executive or any failure on the Executive's part to act, will be deemed "wilful" when done (or omitted to be done) by the Executive not in good faith and if the Executive had or ought to have had the reasonable belief that the Executive's action or omission would not be in the best interests of the Corporation.

(iii) any other act or omission that would amount to just cause at common law.

Notwithstanding the foregoing, the Executive will not be deemed to have been terminated for Cause, unless and until there will have been delivered to the Executive a copy of a resolution duly adopted by at least 75% of the votes cast by the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board), finding that in the good faith opinion of the Board, the Executive was guilty of

conduct set forth in clauses (i) or (ii) of this Section and specifying the particulars thereof in detail.

(c) "Change in Control" of the Corporation shall be deemed to have occurred if:

(i) any Person or any Persons acting jointly or in concert, as defined in Section 159 of the *Securities Act* (Alberta), as amended from time to time, (such Person or Persons, an "Acquirer") becomes the beneficial owner of or acquires control or direction over, directly or indirectly, securities of the Corporation representing more than 20% of the combined voting power of the Corporation's then outstanding securities entitled to vote in the election of the directors of the Corporation (the "Voting Shares") unless the Acquirer is a wholly-owned subsidiary of a holding corporation of the Corporation (a "Holding Corporation") (as "subsidiary" and "holding corporation" are defined in the *Canada Business Corporations Act*);

(ii) an Acquirer becomes the beneficial owner of or acquires control or direction over, directly or indirectly, securities of a Holding Corporation representing more than 20% of the combined voting power of the Holding Corporation's then outstanding securities entitled to vote in the election of the directors of the Holding Corporation (the "Holding Corporation's Voting Shares");

(iii) any transaction or series of transactions, whether by way of consolidation, amalgamation or merger of a Holding Corporation or the Corporation, with or into any other Person (other than an affiliate of the Holding Corporation or the Corporation with or into a Holding Corporation) but excluding any such transaction or series of transactions in which the Persons who were shareholders of the Holding Corporation or the Corporation immediately prior to the transaction or series of transactions, as applicable, hold 80% or more of the voting shares of the new entity created by the transaction or series of transactions;

(iv) all or substantially all the assets of the Corporation or a Holding Corporation are sold, assigned or transferred (including by operation of law), or otherwise disposed of to another Person unless such Person is a wholly-owned subsidiary of the Corporation or a Holding Corporation;

(v) if on any day during the term of this Agreement more than 50% of the directors of a Holding Corporation or the Corporation then in office (A) were not directors of the Holding Corporation or the Corporation, as applicable, on the same day in the immediately preceding calendar year, and (B) were not proposed by the Board of Directors of the Holding Corporation or the Board, as applicable, existing prior to their appointment or election; or

(vi) the Board, by resolution duly adopted by the affirmative vote of a simple majority of the votes cast by the Board, determines that for purposes of this Agreement, a Change in Control has occurred.

(d) "Disability" shall mean a physical or mental impairment that is certified in writing by a physician as preventing the Executive from engaging in any employment for which the Executive is reasonably suited by virtue of the Executive's education, training or experience and that can reasonably be expected to last for the remainder of the Executive's lifetime.

(e) "Good Reason" shall mean:

(i) Inconsistent Duties. The assignment to the Executive of any duties inconsistent with the Executive's status as an executive officer of the Corporation, or a material alteration in the nature or status of the Executive's responsibilities or duties or reporting relationship from those in effect immediately prior to a Change in Control.

(ii) Benefits and Perquisites. The failure by the Corporation to provide the Executive with compensation and benefits, in the aggregate, at least equal (in terms of benefit levels and/or reward opportunities which opportunities will be evaluated in light of the performance requirements therefor) to those provided for under the compensation, incentive compensation, stock option, retirement, pension, savings, vacation, deferred compensation, professional fees and club dues reimbursement, financial counselling, expense reimbursement, company vehicle, benefit or material perquisite plans, programs and practices in which the Executive was participating at any time within 180 days preceding the date of a Change in Control or at any time thereafter;

(iii) Reduced Salary. A reduction of the Executive's salary as in effect on the date of the Change in Control or any time thereafter or the failure of the Corporation to grant the Executive salary increases at a rate commensurate with the increases accorded to other key executives of the Corporation;

(iv) No Assumption by Successor. A failure by the Corporation to obtain from any Successor its agreement to assume and perform this Agreement as contemplated by Section 6 hereof; or

(v) Relocation. A requirement that the Executive be based at any city located at minimum 30 miles from where the Executive is based immediately prior to the Change in Control or a substantial increase in the Executive's business travel obligations subsequent to the Change in Control.

(f) "Notice of Dispute" shall mean a notice sent by either the Executive or the Corporation to the other party following the delivery of a Notice of Termination indicating that the party giving such notice has a dispute, claim or difference

concerning the Notice of Termination and setting out with reasonable particularity the subject matter of the dispute.

(g) "Notice of Termination" shall mean a notice sent by either the Executive or the Corporation to the other party terminating the Executive's employment as of a certain date and setting forth the reasons therefor. The Executive's failure to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of "Good Reason" will not result in a waiver of the Executive's rights hereunder or preclude the Executive from asserting such fact or circumstance in enforcing the Executive's rights hereunder.

(h) "Payment Date" shall mean a date that is no later than the 30th business day following the Termination Date.

(i) "Person" shall mean any individual, corporation, partnership, firm, group, association, trust, unincorporated organization or other "person" as such term is used in Section 2 of the *Canada Business Corporations Act* as amended from time to time.

(j) "Retirement" shall mean the voluntary retirement of the Executive at the Executive's own initiative in accordance with the provisions of the Corporation's pension plan.

(k) "Severance Period" shall mean a period of 24 months following the Termination Date.

(l) "Severance Salary Rate" shall mean the highest monthly rate of base salary that was payable to the Executive during the 24-month period immediately preceding the Termination Date.

(m) "Successor" shall mean the direct or indirect successor by purchase, merger, consolidation or otherwise, to all or substantially all of the business and/or assets of the Corporation.

(n) "Termination Date" shall mean (i) in the case of the Executive's death, the date of death, (ii) in the case of the Executive's Retirement, the date of Retirement in accordance with the Corporation's pension plan, (iii) in the case of a termination by the Executive in accordance with Section 3, the last day of employment as set forth in the Notice of Termination given by the Executive (which will not be less than 30 days or more than 60 days from the date such notice is given), (iv) in the case of a termination by the Corporation for Cause, a date not less than 30 days after receipt of the Notice of Termination by the Executive, (v) in the case of a termination due to the Executive's Disability, the date of the Disability, and (vi) in the case of a termination by the Executive in accordance with Section 3 where there has been no assumption of this Agreement by a Successor, the date on which the succession becomes effective.

2. Term of Agreement

This Agreement shall commence as of the date hereof and shall continue in effect until the date the Executive's employment is terminated; provided, however, that if the Executive's employment is terminated following, or in anticipation of, a Change in Control, the term shall continue in effect until all payments and benefits have been made or provided to the Executive hereunder.

3. Executive's Right of Termination

After a Change in Control and for 18 months thereafter, the Executive shall have the right to terminate employment for Good Reason by sending a Notice of Termination to the Corporation setting forth in reasonable detail the facts and circumstances claimed to constitute Good Reason. If the Executive's employment is terminated in accordance with the provisions of this Section 3, the Executive shall be entitled to the compensation and benefits described in Section 4(c) below.

4. Compensation and Benefits following Change in Control

Following a Change in Control, the Executive shall be entitled to the following compensation and benefits:

(a) Cause, Death, Retirement, Other than for Good Reason. If the Executive's employment is terminated (i) by the Corporation for Cause, (ii) by reason of the Executive's death (iii) by reason of the Executive's Retirement or (iv) by the Executive other than in accordance with Section 3, the Corporation shall pay to the Executive the Accrued Compensation.

(b) Disability. If the Executive's employment is terminated as a result of Disability, the Corporation shall pay to the Executive the Accrued Compensation and the Executive's benefits will be determined in accordance with the Corporation's insurance programs and other benefit or pension plans then in effect.

(c) By the Corporation Without Cause, By the Executive for Good Reason. If the Executive's employment with the Corporation shall be terminated by the Corporation for any reason other than for Cause or Disability within 18 months following a Change in Control, or by the Executive in accordance with the provisions of Section 3, the Executive shall be entitled to the following no later than the Payment Date:

(i) Accrued Compensation. The Accrued Compensation.

(ii) Severance Payment. An amount equal to 24 months of the Severance Salary Rate.

(iii) Incentive Compensation Plans

a. Short Term Incentive Plans

Any amounts required to be paid to the Executive under the Performance Incentive Plan (or any successor plan) in which the Executive is participating prior to the Change in Control. The Corporation will pay the Executive a lump sum amount in lieu of the Executive's participation in such annual incentive plan equal to the sum of:

(A) for the year during which the Termination Date occurs, an amount equal to the greater of

a. the amount payable to the Executive under such annual bonus plan for that year, determined as if 100% of the target result of the Corporation's performance for that year was achieved, and

b. the amount payable to the Executive under such annual bonus plan for that year, determined as if the actual performance of the Corporation from the beginning of that year to the end of the most recently completed fiscal quarter during that year, if any, prior to the Termination Date, on an annualized basis, was the actual performance of the Corporation for that year

and

(B) for each other year or portion thereof remaining in the Severance Period, an amount equal to the Executive's target annual bonus for the year during which the Termination Date occurs, prorated based upon the number of months and days that fell within the Severance Period during each such year.

All amounts payable hereunder with respect to such annual bonus plan will be determined based upon 100% of the Executive's award under such annual bonus plan, notwithstanding any discretion of the Management Resources and Compensation Committee of the Board and notwithstanding any amendments to such annual bonus plan occurring after the Change in Control.

b. Other Incentive Plans

Any amounts required to be paid to the Executive under the terms of such longer term incentive compensation plan(s) (including the stock option plans, deferred share unit plans and any successor or

additional plans) in which the Executive is participating prior to the Change in Control.

(iv) Insurance Coverage. The Corporation will continue to cover the cost of the Executive and the Executive's dependants coverage under the Corporation's life, disability, accident, dental and health insurance programs in place immediately prior to the Termination Date until the end of the Severance Period, subject to the Executive's continued contributions, if any; provided, however, that the Corporation has the option of paying a lump sum equal to the present value of the cost to the Corporation of such continued coverage in lieu of continuing the coverage.

(v) Career Counselling. At the Executive's request, the Corporation will pay for career counselling services actually obtained from the recognized professional career counselling firm of the Executive's choice and that are no less favourable than those made available to former Officers of the Corporation of similar standing or rank who terminated employment on or prior to the Change in Control. Such services will be provided until the Executive obtains subsequent employment or establishes the Executive's own business activity. Eligibility for these benefits is limited to one year following the Termination Date to a maximum cost of $50,000 excluding applicable taxes.

(vi) Company Car and Expenses. The Executive will be entitled to purchase, before the Payment Date, the car provided by the Corporation for the Executive's use, at a price calculated on the same basis as that used for the optional purchase of company cars by participants in the Corporation's Executive Automobile Plan in effect immediately prior to the Change in Control. In addition, the Corporation will pay the Executive an amount equal to the expenses that would have been incurred for the use of the car if the Executive had continued to be employed throughout the Severance Period, determined on the basis that the annual expenses for using the car are equal to the total vehicle expenses payable or reimbursable to the Executive, by the Corporation, during the calendar year preceding the calendar year in which the Termination Date occurs; provided, however, that such amount will not be less than the amount of such expenses (including any reimbursement of taxes) that would have been paid or reimbursed for such calendar year in accordance with the Corporation's policy in effect as of the Change in Control.

(vii) Financial Counselling. The Corporation will continue to provide the Executive throughout the Severance Period with the same financial counselling benefits as those to which the Executive was entitled immediately prior to the Change in Control, including the preparation of the Executive's tax return(s) for himself and the Executive's spouse for the taxation year during which the Severance Period ends.

(viii) Relocation Assistance.

a. Moves of 75 miles or more

In the event that the Executive relocates the Executive's residence from one metropolitan area to another within Canada or the United States, involving a distance of not less than 75 miles, for any reason during the 12 month period following the Termination Date or 12 months past the resolution of any dispute under Section 12 hereof, the Corporation will provide the Executive with the same level of relocation assistance benefits as that provided under the Corporation's Relocation Policy (the "Policy") in effect at the time of the Change in Control, with the exception of the following:

- Temporary Living Expenses
- Equity Protection
- Purchase of a New Property
- Mortgage Interest Differential Payment
- Housing Purchase Subsidy
- Rental Subsidy
- Bridge Financing.

In lieu of a payment under the Home Disposal Assistance Plan Section of the Policy, the Executive will be entitled to a payment equal to the greater of:

(A) the "appraised market value" (as defined under the Policy) of the Executive's current residence and

(B) the original purchase price of the Executive's current residence plus the cost of any capital improvements to such residence from the original date of purchase.

This payment will be paid to the Executive, within 5 business days after the determination of the appraised market value (as defined under the Policy). In consideration of such payment, the Executive agrees to transfer title to the Executive's current residence forthwith to the Corporation or to the relocation company engaged by the Corporation, as directed by the Corporation, and to deliver to it all title documents in the Executive's possession that relate to the Executive's current residence.

b. Moves of less than 75 miles

In the event that the Executive relocates the Executive's residence involving a distance of less than 75 miles, for any reason during the 12 month period following the Termination Date, the Corporation will reimburse the Executive for disbursements made in respect of any legal fees, real estate commissions and real property transfer taxes incidental to

the conveyance of the Executive's existing residence and the Executive's new residence.

(ix) Executive Medical. An amount equal to the cost of the annual physical examination last provided to the Executive before the Change in Control, for each year in the Severance Period.

(x) Club Memberships. An amount equal to the annual membership fees, not including any fees for initial membership paid on behalf of the Executive, for the year in which the Termination Date occurs, for each year of the Severance Period and prorated for incomplete years.

(xi) Housing Loans. The Executive will make repayments of any loan issued by the Corporation in connection with the Corporation's Relocation Expenses Policy, in accordance with the repayment schedule under the loan as though the Executive had not terminated employment; except that full repayment of the loan will be due on the earlier of the end of the Severance Period and the date on which the Executive sells the Executive's residence.

(xii) Housing Subsidy. An after-tax amount equal to the present value of the cost of any housing subsidy given to the Executive by the Corporation prior to the Executive's termination of employment that would have been payable by the Corporation under the terms of its policy in effect as of the Change in Control had the Executive continued to be employed during the Severance Period.

(xiii) Professional Membership Fees. An amount equal to the membership fees for membership in professional organizations related to maintaining the Executive's professional status reimbursed by the Corporation for the year preceding the year during which the termination occurs, for each year in the Severance Period.

(xiv) Pensions.

a. In addition to the benefits to which the Executive is entitled under the Corporation's pension plan (the "Pension Plan") and the Corporation's supplemental pension plan (the "Supplemental Plan"), or any retirement arrangement established with his consent with respect to him, (collectively, the "Retirement Arrangement"), the Executive is entitled to a cash payment ("P") determined in accordance with this clause and due no later than the Payment Date.

PARTICIPANT IN DEFINED CONTRIBUTION OPTION

If the Executive is participating in the Pension Plan's defined contribution option at the Termination Date, "P" will be calculated as set out in Schedule "A" hereto.

b. In calculating “P”, no account shall be taken of any change in the rules of the Retirement Arrangement made after the Change in Control date which adversely affects the Executive and any required consent by the Corporation shall be deemed to have been granted.

c. Capitalized terms in this clause which are not defined in this Agreement have the meaning attributed to them under the Retirement Arrangement.

(xv) Legal Fees and Expenses. The Corporation will pay the Executive's legal fees and expenses incurred by the Executive as a result of the Executive’s termination (including all such fees and expenses, if any, incurred in seeking to obtain or enforce any right or benefit provided by this Agreement) to a maximum amount of $100,000 excluding applicable taxes provided however, that the Executive shall re-pay to the Corporation all such amounts if it is determined by an arbitrator or court that the Executive’s dispute was frivolous or vexatious.

(xvi) Tax Withholding. Unless expressly provided otherwise in an applicable provision of this Agreement, all payments to be made under this Section will be subject to required statutory deductions at source.

(xvii) Calculations. For purposes of determining the present value of an amount, other than for purposes of clause (c) (xv) above, the interest rate to be used will be the yield for 5 year constant maturity Canadian government bonds for the current week taken from the most recent weekly Canadian Debt Strategy published by ScotiaMcLeod Inc. or, if for any reason that report is not available at the relevant time, the most recent weekly report published by another recognized Canadian publisher of a report of similar standing chosen by the Corporation. All calculations of amounts payable under this Agreement will be subject to verification by the Corporation's independent auditors.

(xviii) No Mitigation. The Executive will not be required to mitigate the amount of any payment provided for in this Section by seeking other employment or otherwise, nor will the amount of any payment or benefit provided for in this Section be reduced by any compensation earned by the Executive as the result of employment, whether by another employer or self-employment, or by pension benefits after the Termination Date, or otherwise, except as specifically provided in this Section.

5. Payment of Benefits

If any payment to the Executive required by this Agreement is not made within the time for such payment specified herein, the Executive shall be paid interest on such payment at the legal rate payable from time to time upon judgments in the Province of Alberta from the date such payment is payable under the terms hereof until paid.

6. Binding Agreement

This Agreement shall inure to the benefit of and be enforceable by the Executive, and the Executive's heirs, legal or personal representatives. If the Executive should die while any amount would still be payable to the Executive hereunder if the Executive had continued to live, all such amounts will be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there is no such designee, to the Executive's estate. This Agreement shall be binding upon the Corporation, its Successors and assigns. The Corporation shall require any Successor to expressly assume and agree to perform this Agreement in accordance with its terms. The Corporation shall obtain such assumption and agreement prior to the effectiveness of any such succession.

7. Notices

For the purpose of this Agreement, notices and all other communications provided for in this Agreement will be in writing, will be deemed to have been duly given when delivered or sent by facsimile or other form of recorded electronic communication, charges prepaid and confirmed in writing or on the third business day after having been sent by registered mail, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith.

8. Most Favoured Benefits

If after a Change in Control there is a conflict between the provisions of this Agreement and the provisions of any incentive compensation plans, benefit plans, the Pension Plan, any other perquisites payable, or any basis of compensation or the payment of benefits to the Executive, generally, the parties acknowledge and agree that it is the intent of this Agreement that the Executive will receive the maximum of the amounts owing to the Executive hereunder or thereunder and in no event will the Executive be disadvantaged as a result of such a conflict.

9. Amendments; Waivers

No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing. No waiver by either party of the breach of any condition or provision of this Agreement shall be deemed a waiver of any other condition or provision at the same or any other time. Any Change in Control Agreement between the parties hereto which predates this Agreement is null and void.

10. Governing Law

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Province of Alberta.

11. Validity

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

12. Dispute Resolution

(a) Following the delivery of a Notice of Dispute by either party, at the election of the Executive such dispute may be settled and determined by mandatory arbitration.

(b) Where the Executive has elected to settle the dispute by way of arbitration, the provisions of this Section 12 shall be deemed to constitute an "arbitration agreement" within the meaning of the *Arbitration Act*, R.S.A. 2000, c.A.-43 as amended (the "Act") and the provisions of the Act, except to the extent that a contrary intention is expressed herein, shall apply to any arbitration hereunder. The Executive may at any time give written notice to the Corporation of a desire to submit such dispute to arbitration. Within 10 business days after receipt of such notice, the parties shall appoint a single arbitrator, with appropriate experience to determine such dispute. If the parties fail to appoint an arbitrator either party may apply to a judge of the Court of Queen's Bench to appoint an arbitrator to determine such dispute. Notwithstanding the Act, the Executive may discontinue the submission to arbitration and revoke the appointment of an arbitrator at any time prior to the commencement of the hearing. The arbitrator so appointed shall have all the powers of a judge of the Court of Queen's Bench and shall forthwith proceed to arbitrate the dispute. The award of the arbitrator shall be delivered to the parties within 60 days of the conclusion of the arbitration hearing. The costs of the arbitration shall be paid as determined by the arbitrator. Judgment upon the award rendered by the arbitrator may be entered into any court having jurisdiction and thereupon execution or other legal process may issue thereon. The parties hereto and all persons claiming through or under them hereby attorn to the jurisdiction of the arbitrator and to the jurisdiction of any court in which the judgment may be entered.

(c) Following the delivery of a Notice of Dispute the Corporation will provide compensation and benefits in accordance with Section 4(c) herein, other than long term incentive plan or pension plan participation or payment, in which the Executive was participating when the Notice of Termination giving rise to the dispute was given, until the dispute is finally resolved either by way of mutual written agreement of the parties, by binding arbitration award hereunder or by final judgment, order or decree of a court of competent jurisdiction (which is not appealable, or the time for appeal therefrom has expired and no appeal has been

perfected). In the event that the final resolution determines that the Executive is entitled to benefits pursuant to Section 4(c), all amounts paid by the Corporation hereunder to the Executive following the Termination Date, shall be considered to be payments under Section 4(c) and shall not be duplicated. In the event that the final determination of the dispute determines that the Executive is not entitled to any benefits under Section 4(c), the Executive agrees to return promptly to the Corporation all payments received following the Termination Date set out in the Notice of Termination, other than any benefits to which he is entitled pursuant to Section 4(a) or (b), as applicable.

13. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

CANADIAN PACIFIC RAILWAY COMPANY

Per /s/ Mark Wallace
Mark Wallace, VP Corporate Affairs and Chief of Staff

Per /s/ Peter Edwards
Peter Edwards, VP Human Resources and Labour Relations

/s/ Maria D'Agostino
Witness

Maria D'Agostino
Witness Name (print)

/s/ Mark Erceg
Mark Erceg

Schedule A

PARTICIPANT IN DEFINED CONTRIBUTION OPTION

If the Executive is participating in the Pension Plan's defined contribution option at the Termination Date, "P" equals the sum of:

(1) the contributions that the Corporation would have remitted on his behalf to the Pension Plan during the Severance Period; and

(2) the notional contributions that the Corporation would have allocated on his behalf to a notional account under the Supplemental Plan during the Severance Period,

calculated assuming that:

(3) he had been employed throughout the Severance Period and that his salary had been increased on each January 1st during that period in accordance with the salary and merit increase assumptions which appear in the last actuarial report on the Pension Plan filed prior to the Change in Control with the appropriate governmental authorities; and

(4) the bonus payable under the short-term incentive plan for the calendar year of the Termination Date had been determined pursuant to clause 4(c)(iii), and the bonus payable under such plan for each subsequent year or fraction thereof during the Severance Period had been determined pursuant to clause 4(c)(iii) applied to the adjusted salary rates determined in accordance with subparagraph (3) above.

If the Executive is not entitled to his accrued benefits under the Retirement Arrangement by reason of not having satisfied the vesting requirements for such benefits, he shall receive an additional cash payment, due no later than the Payment Date, equal to the amount that would have been payable to him under the Retirement Arrangement at such date if he had satisfied such vesting requirements.

CANADIAN PACIFIC

E Hunter Harrison
President &
Chief Executive Officer

Suite 500
Gulf Canada Square
401 – 9th Avenue SW
Calgary AB
T2P 4Z4

Tel 403 319 7555
Fax 403 205 9000

hunter_harrisor@cpr.ca

July 16, 2012

Private and Confidential

Mr. Mark Wallace
21 Bruno Ridge Dr
Caledon, Ontario
L7E OB8

Dear Mark:

I am very pleased to offer you the position of Chief of Staff – Office of the President and CEO with the Canadian Pacific Railway Company (the Company), located in Calgary. Reporting directly to me, you will be responsible for overseeing the efficient operations within my office and will play a key leadership role in helping deliver the Company's objectives. The details of this offer are as follows:

Commencement Date

July 3, 2012.

Total Direct Compensation

In this role the expected value of your total direct compensation package (base salary, PIP and LTIP) will be $487,500 annually, and is comprised of:

Base Salary
Your annual base salary at the S43 level will be $250,000, paid bi-weekly.

Short Tern Incentive Plan
The Performance Incentive Plan (PIP) will provide you with the opportunity to earn an annual bonus currently at a target level of 30% of your base salary (or $75,000). This bonus is dependent on corporate performance (60% weighting) and individual performance (40% weighting). Both corporate and individual components have a maximum of 200% target (i.e., for a total of 50% of base salary). You will be eligible to participate in

this plan effective with commencement of employment. You will be prorated for the 2012 plan year.

Long Term Incentive Plan
You will be eligible to participate in the Company's Long Term Incentive Plan (LTIP). Subject to plan design as it may change over time and ongoing Board discretion, your target award level will be the expected value associated with the S43 level which is currently set at 65% of your annual salary (or $162,500), consisting of an allocation of 50% regular options and 50% performance share units (PSUs). Subject to Board approval, annual grants typically occur in April of each year.

Automobile Plan

The Automobile Plan allows you to select an automobile up to a value of $44,400 (excluding provincial sales tax, goods and services tax, transportation, and license costs). The plan also allows you to exceed this limit but at your own expense.

The Company will obtain a vehicle and make it available for unrestricted use by yourself and immediate family members who reside with you (as well as occasional use by others). The Company will pay or will reimburse you for all maintenance and operating expenses, including parking at Gulf Canada Square, Calgary. The vehicle will be replaced after four (4) years or 100,000 kilometers, whichever comes first. Provision has been made to allow you to purchase the vehicle, if you so wish, when it becomes eligible for replacement or sooner if you leave the employ of the Company, according to the terms of the plan.

As a result of your participation in this plan, you will incur an annual taxable benefit relating to the use of the vehicle in accordance with current tax laws. However, given it is the Company's objective to promote the use of more fuel efficient, environmentally friendly automobiles, the taxable benefit associated with this perk will be grossed up should you select a vehicle that meets the criteria for environmentally friendly vehicles as outlined in the Company's Executive Automobile Policy.

Upon commencement of employment, please contact Doug Rasmussen at Pattison Leasing (403) 301-2407 to arrange for your vehicle. Please note that depending on the vehicle selected, it may take up to 6 months from order placement to receive your vehicle, and as a result, to begin taking advantage of this benefit.

Annual Vacation

As an experienced hire, you will be entitled to five weeks' vacation. In this calendar year, your vacation entitlement will be prorated according to your start date. As part of CP's *Flex* benefits plan, you will also have the opportunity to purchase up to an additional 10 Personal Days Off (PDOs) per year, pro-rated according to your start date. For more information on PDOs, see Appendix II.

***FLEX* Benefits**

You will be eligible to participate in CP's *Flex* benefits administered through Manulife, our benefits provider. An activation key will be forwarded to you with a link for accessing *Flex* benefits on line. You will be given an expiry date by which time you must complete your enrolment. Please see Appendix II for a summary of benefits.

Executive Medical Program

You are entitled to an annual executive medical examination. The examination includes a number of tests, which will assist in determining your health status as well as recommending preventative and/or curative measures, thus optimizing your health. The medical information obtained during the examination remains strictly confidential.

Canadian Pacific Pension Plan

You will be enrolled in the Canadian Pacific Defined Contribution (DC) Pension Plan. CP's competitive DC plan features employer and employee contributions which increase over time based on your combined age and years of service. An enrollment kit describing the DC plan will be provided to you in your "Getting Started" package, and detailed information will be accessible on CP's intranet site, Rail City, after your start date.

In addition, you will be eligible to participate in the Canadian Pacific Railway Company Supplemental Retirement Plan (the Supplemental Plan), which is fully paid by the Company. Supplemental benefits include pension benefits in excess of the Canada Revenue Agency maximums for the DC pension plan. For your level, this plan provides an additional notional contribution of 6% of your base salary annually. A Supplemental Plan brochure describing this plan will be provided to you following your acceptance of this offer.

Employee Share Purchase Plan (ESPP)

You can own part of CP through the Employee Share Purchase Plan (ESPP). CP shares may be purchased through payroll deduction and the Company will match a portion of every dollar you invest (subject to certain vesting and contribution conditions). You can contribute between 1% and 10% of your eligible earnings to the Plan. On the first 6% of your base salary, CP will contribute 33 cents for every dollar you invest. You may contribute an additional 4% of base salary which will not be eligible for CP contributions.

Relocation

You will be eligible for reimbursement of reasonable relocation expenses involved in moving from Toronto to Calgary, including all family effects (see Appendix IV).

As well, home search assistance will be provided, certain costs associated with home purchase such as legal costs and home inspection charges will be paid and the Company will reimburse you for real estate and legal fees associated with the selling and closing of your Toronto home.

During the interim period before you purchase or lease a home in Calgary, the Company will reimburse expenses for temporary accommodation up to a period of two months. Related expenses such as meals, laundry etc., may be reimbursed for a period of up to 2 weeks.

In the event that you resign from the Company within 2 years of commencing your employment, you will be required to reimburse the Company any prorated costs incurred for your relocation. Your signature indicating acceptance of this term is required on the Request For Relocation Form (Appendix Ill) attached to this letter.

Additional Information

"Welcome to CP" Presentation

You are invited to learn more about CP by accessing this e-learning presentation (ctrl + click here). Your pop-up blocker must be turned off to view the presentation.

You are also invited to access *"Rai/City',* CP's Intranet site, where you can view information about our company, our policies and learn about our benefits. To view the "Welcome to CP" presentation on "RailCity", click on the "Employee" tab and choose "New Employee". If you have any difficulties accessing the site please contact our HR Service Centre at 1-866-319-3900 or hr-help@cpr.ca.

Accommodation of Special Needs

Should you require accommodation as a result of special needs such as physical, mental or learning disabilities or religious requirements, please contact me or Employee Relations at (403) 319-6447. The nature of such discussions will not be disclosed to others except for legitimate business purposes or to enable the accommodation. For a copy of CP's Workplace Accommodation policy, please contact the HR Service Centre at 1(866)319-3900 or in Calgary at (403)319-3900.

Terms and Conditions of Employment

As a condition of employment, you will be required to read CP's Code of Business Ethics and electronically sign an acknowledgement that you have read and agree to adhere to the Code of Business Ethics. You will be provided with mandatory on-line training on CP's Code of Ethics after the commencement of your employment with the Company. In addition, your photograph will be posted in our Talent Management database for the purpose of supporting the employee development and succession planning processes.

As evidenced by this offer, we have positive expectations for your success in your new position. However, in keeping with standard industry practice as well as Company policy, your employment will start with a six-month probationary period. During this time, your suitability and performance will be monitored to ensure that you are able to meet the performance expectations of this position. If your job performance fails to meet expectations during this period, the Company may terminate your employment without further notice or pay in lieu of notice.

Security Clearance

In accordance with Company Policy, all new hires are required to pass a security clearance.This offer of employment is conditional upon the results.

If you have any questions regarding your benefits and other entitlements related to this offer of employment, please call Kathie Brown, Assistant Vice President Total Compensation, at (403) 319-6455.

This offer of employment is submitted to you for acceptance, and is valid through July 16th, 2012. Please sign and return the enclosed copy of this letter and the completed CP New Hire Information form on or before that date to:

Kathie Brown
AVP Total Compensation
600 - 401 9th Avenue SW
Calgary AB T2P 4Z4

Mark, you are Joining a dynamic company with a proud history and exciting future. CP runs on ideas, creativity and hard work. You will be part of a dynamic team focused on continuous improvement, safety and integrity. Our employees prove this every day. Together, we are Driving the Digital Railway.

I look forward to your creative input, fresh perspective and positive contribution.

I am confident that your skills will complement our team and that your career with CP will be challenging and rewarding. We hope that you decide to join us!

Sincerely,

/s/ E.H. Harrison

E. Hunter Harrison
President and CEO

Att.
Name: Mark Wallace

Accepted: /s/ Mark Wallace
(Signature)
Date: July 17, 2012
Contact Telephone # 403-608-3084
Confirmation of Start Date: 12/07/03
(yy/mm/dd)

Exhibit 10.43

CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT made as of the 1th day of May 2014.

BETWEEN

CANADIAN PACIFIC RAILWAY COMPANY,
A corporation organized under the laws of Canada,
(the "Corporation")
having a mailing address of
7550 Ogden Dale Road
Calgary, Alberta
T2C 4X9

- and –

(the "Executive")
Mark Wallace
having a mailing address of
340 Whispering Water Bend
in the Province of
Alberta

WHEREAS the Board of Directors of the Corporation (the "Board") recognizes that the establishment and maintenance of a sound and vital management team is essential to the protection and enhancement of the best interests of the Corporation and its shareholders;

AND WHEREAS the Board further recognizes that, as is the case with many corporations, the possibility of a Change in Control of the Corporation could arise and create a climate of uncertainty among the Corporation's Officers, and could result in the resignation or distraction of such Officers to the detriment of the Corporation and its shareholders;

AND WHEREAS, in order to induce the Executive to remain in the employ of the Corporation and to assure the Corporation of the Executive's continued and undivided attention and services, notwithstanding any events which might result in a Change in Control of the Corporation, this Agreement, which has been approved by the Board, records certain benefits extended to the Executive.

NOW THEREFORE, the Parties hereby mutually covenant and agree as follows:

1. Definitions

The following terms shall have the meanings assigned to them below.

(a) "Accrued Compensation" shall mean all amounts earned or accrued through the Termination Date but not paid as of the Termination Date including (i) base salary at the rate which is the greater of the rate in effect immediately prior to the Change in Control and the rate in effect on the Termination Date, (ii) reimbursement for reasonable and necessary expenses incurred by the Executive on behalf of the Corporation during the period ending on the Termination Date, (iii) vacation pay, (iv) any amounts to be paid to the Executive under the Corporation's benefit and pension plans, and (v) any short term or long term incentive award with respect to the Corporation's fiscal year ended prior to the Termination Date.

(b) "Cause" shall mean and be limited to:

(i) the wilful and continued failure by the Executive to substantially perform the Executive's duties with the Corporation after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, and the Executive fails to correct such failure to perform the Executive's duties within 30 days after such written demand is delivered to the Executive; provided, however, that if such failure is as a result of the Executive's Disability or Retirement or occurs after the happening of circumstances which would entitle the Executive to terminate for Good Reason, the same will not constitute the basis for "Cause"; or

(ii) the wilful engaging by the Executive in conduct which is demonstrably and materially injurious to the Corporation, monetarily or otherwise. For purposes of this definition, any action by the Executive or any failure on the Executive's part to act, will be deemed "wilful" when done (or omitted to be done) by the Executive not in good faith and if the Executive had or ought to have had the reasonable belief that the Executive's action or omission would not be in the best interests of the Corporation.

(iii) any other act or omission that would amount to just cause at common law.

Notwithstanding the foregoing, the Executive will not be deemed to have been terminated for Cause, unless and until there will have been delivered to the Executive a copy of a resolution duly adopted by at least 75% of the votes cast by the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice to the Executive and an opportunity for the

Executive, together with the Executive's counsel, to be heard before the Board), finding that in the good faith opinion of the Board, the Executive was guilty of conduct set forth in clauses (i) or (ii) of this Section and specifying the particulars thereof in detail.

(c) "Change in Control" of the Corporation shall be deemed to have occurred if:

(i) any Person or any Persons acting jointly or in concert, as defined in Section 159 of the *Securities Act* (Alberta), as amended from time to time, (such Person or Persons, an "Acquirer") becomes the beneficial owner of or acquires control or direction over, directly or indirectly, securities of the Corporation representing more than 20% of the combined voting power of the Corporation's then outstanding securities entitled to vote in the election of the directors of the Corporation (the "Voting Shares") unless the Acquirer is a wholly-owned subsidiary of a holding corporation of the Corporation (a "Holding Corporation") (as "subsidiary" and "holding corporation" are defined in the *Canada Business Corporations Act*);

(ii) an Acquirer becomes the beneficial owner of or acquires control or direction over, directly or indirectly, securities of a Holding Corporation representing more than 20% of the combined voting power of the Holding Corporation's then outstanding securities entitled to vote in the election of the directors of the Holding Corporation (the "Holding Corporation's Voting Shares");

(iii) any transaction or series of transactions, whether by way of consolidation, amalgamation or merger of a Holding Corporation or the Corporation, with or into any other Person (other than an affiliate of the Holding Corporation or the Corporation with or into a Holding Corporation) but excluding any such transaction or series of transactions in which the Persons who were shareholders of the Holding Corporation or the Corporation immediately prior to the transaction or series of transactions, as applicable, hold 80% or more of the voting shares of the new entity created by the transaction or series of transactions;

(iv) all or substantially all the assets of the Corporation or a Holding Corporation are sold, assigned or transferred (including by operation of law), or otherwise disposed of to another Person unless such Person is a wholly-owned subsidiary of the Corporation or a Holding Corporation;

(v) if on any day during the term of this Agreement more than 50% of the directors of a Holding Corporation or the Corporation then in office (A) were not directors of the Holding Corporation or the Corporation, as applicable, on the same day in the immediately preceding calendar year and (B) were not proposed by the Board of Directors of the Holding Corporation or the Board, as applicable, existing prior to their appointment or election; or

(vi) the Board, by resolution duly adopted by the affirmative vote of a simple majority of the votes cast by the Board, determines that for purposes of this Agreement, a Change in Control has occurred.

(d) "Disability" shall mean a physical or mental impairment that is certified in writing by a physician as preventing the Executive from engaging in any employment for which the Executive is reasonably suited by virtue of the Executive's education, training or experience and that can reasonably be expected to last for the remainder of the Executive's lifetime.

(e) "Good Reason" shall mean:

(i) Inconsistent Duties. The assignment to the Executive of any duties inconsistent with the Executive's status as an executive officer of the Corporation, or a material alteration in the nature or status of the Executive's responsibilities or duties or reporting relationship from those in effect immediately prior to a Change in Control.

(ii) Benefits and Perquisites. The failure by the Corporation to provide the Executive with compensation and benefits, in the aggregate, at least equal (in terms of benefit levels and/or reward opportunities which opportunities will be evaluated in light of the performance requirements therefor) to those provided for under the compensation, incentive compensation, stock option, retirement, pension, savings, vacation, deferred compensation, professional fees and club dues reimbursement, financial counselling, expense reimbursement, company vehicle, benefit or material perquisite plans, programs and practices in which the Executive was participating at any time within 180 days preceding the date of a Change in Control or at any time thereafter;

(iii) Reduced Salary. A reduction of the Executive's salary as in effect on the date of the Change in Control or any time thereafter or the failure of the Corporation to grant the Executive salary increases at a rate commensurate with the increases accorded to other key executives of the Corporation;

(iv) No Assumption by Successor. A failure by the Corporation to obtain from any Successor its agreement to assume and perform this Agreement as contemplated by Section 6 hereof; or

(v) Relocation. A requirement that the Executive be based at any city located at minimum 30 miles from where the Executive is based immediately prior to the Change in Control or a substantial increase in the Executive's business travel obligations subsequent to the Change in Control.

(f) "Notice of Dispute" shall mean a notice sent by either the Executive or the Corporation to the other party following the delivery of a Notice of Termination indicating that the party giving such notice has a dispute, claim or difference

concerning the Notice of Termination and setting out with reasonable particularity the subject matter of the dispute.

(g) "Notice of Termination" shall mean a notice sent by either the Executive or the Corporation to the other party terminating the Executive's employment as of a certain date and setting forth the reasons therefor. The Executive's failure to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of "Good Reason" will not result in a waiver of the Executive's rights hereunder or preclude the Executive from asserting such fact or circumstance in enforcing the Executive's rights hereunder.

(h) "Payment Date" shall mean a date that is no later than the 30th business day following the Termination Date.

(i) "Person" shall mean any individual, corporation, partnership, firm, group, association, trust, unincorporated organization or other "person" as such term is used in Section 2 of the *Canada Business Corporations Act* as amended from time to time.

(j) "Retirement" shall mean the voluntary retirement of the Executive at the Executive's own initiative in accordance with the provisions of the Corporation's pension plan.

(k) "Severance Period" shall mean a period of 24 months following the Termination Date.

(l) "Severance Salary Rate" shall mean the highest monthly rate of base salary that was payable to the Executive during the 24-month period immediately preceding the Termination Date.

(m) "Successor" shall mean the direct or indirect successor by purchase, merger, consolidation or otherwise, to all or substantially all of the business and/or assets of the Corporation.

(n) "Termination Date" shall mean (i) in the case of the Executive's death, the date of death, (ii) in the case of the Executive's Retirement, the date of Retirement in accordance with the Corporation's pension plan, (iii) in the case of a termination by the Executive in accordance with Section 3, the last day of employment as set forth in the Notice of Termination given by the Executive (which will not be less than 30 days or more than 60 days from the date such notice is given), (iv) in the case of a termination by the Corporation for Cause, a date not less than 30 days after receipt of the Notice of Termination by the Executive, (v) in the case of a termination due to the Executive's Disability, the date of the Disability, and (vi) in the case of a termination by the Executive in accordance with Section 3 where there has been no assumption of this Agreement by a Successor, the date on which the succession becomes effective.

2. Term of Agreement

This Agreement shall commence as of the date hereof and shall continue in effect until the date the Executive's employment is terminated; provided, however, that if the Executive's employment is terminated following, or in anticipation of, a Change in Control, the term shall continue in effect until all payments and benefits have been made or provided to the Executive hereunder.

3. Executive's Right of Termination

After a Change in Control and for 18 months thereafter, the Executive shall have the right to terminate employment for Good Reason by sending a Notice of Termination to the Corporation setting forth in reasonable detail the facts and circumstances claimed to constitute Good Reason. If the Executive's employment is terminated in accordance with the provisions of this Section 3, the Executive shall be entitled to the compensation and benefits described in Section 4(c) below.

4. Compensation and Benefits following Change in Control

Following a Change in Control, the Executive shall be entitled to the following compensation and benefits:

(a) Cause, Death, Retirement, Other than for Good Reason. If the Executive's employment is terminated (i) by the Corporation for Cause, (ii) by reason of the Executive's death (iii) by reason of the Executive's Retirement or (iv) by the Executive other than in accordance with Section 3, the Corporation shall pay to the Executive the Accrued Compensation.

(b) Disability. If the Executive's employment is terminated as a result of Disability, the Corporation shall pay to the Executive the Accrued Compensation and the Executive's benefits will be determined in accordance with the Corporation's insurance programs and other benefit or pension plans then in effect.

(c) By the Corporation Without Cause, By the Executive for Good Reason. If the Executive's employment with the Corporation shall be terminated by the Corporation for any reason other than for Cause or Disability within 18 months following a Change in Control, or by the Executive in accordance with the provisions of Section 3, the Executive shall be entitled to the following no later than the Payment Date:

(i) Accrued Compensation. The Accrued Compensation.

(ii) Severance Payment. An amount equal to 24 months of the Severance Salary Rate.

(iii) Incentive Compensation Plans

a. Short Term Incentive Plans

Any amounts required to be paid to the Executive under the Performance Incentive Plan (or any successor plan) in which the Executive is participating prior to the Change in Control. The Corporation will pay the Executive a lump sum amount in lieu of the Executive's participation in such annual incentive plan equal to the sum of:

(A) for the year during which the Termination Date occurs, an amount equal to the greater of

a. the amount payable to the Executive under such annual bonus plan for that year, determined as if 100% of the target result of the Corporation's performance for that year was achieved, and

b. the amount payable to the Executive under such annual bonus plan for that year, determined as if the actual performance of the Corporation from the beginning of that year to the end of the most recently completed fiscal quarter during that year, if any, prior to the Termination Date, on an annualized basis, was the actual performance of the Corporation for that year

and

(B) for each other year or portion thereof remaining in the Severance Period, an amount equal to the Executive's target annual bonus for the year during which the Termination Date occurs, prorated based upon the number of months and days that fell within the Severance Period during each such year.

All amounts payable hereunder with respect to such annual bonus plan will be determined based upon 100% of the Executive's award under such annual bonus plan, notwithstanding any discretion of the Management Resources and Compensation Committee of the Board and notwithstanding any amendments to such annual bonus plan occurring after the Change in Control.

b. Other Incentive Plans

Any amounts required to be paid to the Executive under the terms of such longer term incentive compensation plan(s) (including the

stock option plans, deferred share unit plans and any successor or additional plans) in which the Executive is participating prior to the Change in Control.

(iv) Insurance Coverage. The Corporation will continue to cover the cost of the Executive and the Executive's dependants coverage under the Corporation's life, disability, accident, dental and health insurance programs in place immediately prior to the Termination Date until the end of the Severance Period, subject to the Executive's continued contributions, if any; provided, however, that the Corporation has the option of paying a lump sum equal to the present value of the cost to the Corporation of such continued coverage in lieu of continuing the coverage.

(v) Career Counselling. At the Executive's request, the Corporation will pay for career counselling services actually obtained from the recognized professional career counselling firm of the Executive's choice and that are no less favourable than those made available to former Officers of the Corporation of similar standing or rank who terminated employment on or prior to the Change in Control. Such services will be provided until the Executive obtains subsequent employment or establishes the Executive's own business activity. Eligibility for these benefits is limited to one year following the Termination Date to a maximum cost of $50,000 excluding applicable taxes.

(vi) Company Car and Expenses. The Executive will be entitled to purchase, before the Payment Date, the car provided by the Corporation for the Executive's use, at a price calculated on the same basis as that used for the optional purchase of company cars by participants in the Corporation's Executive Automobile Plan in effect immediately prior to the Change in Control. In addition, the Corporation will pay the Executive an amount equal to the expenses that would have been incurred for the use of the car if the Executive had continued to be employed throughout the Severance Period, determined on the basis that the annual expenses for using the car are equal to the total vehicle expenses payable or reimbursable to the Executive, by the Corporation, during the calendar year preceding the calendar year in which the Termination Date occurs; provided, however, that such amount will not be less than the amount of such expenses (including any reimbursement of taxes) that would have been paid or reimbursed for such calendar year in accordance with the Corporation's policy in effect as of the Change in Control.

(vii) Financial Counselling. The Corporation will continue to provide the Executive throughout the Severance Period with the same financial counselling benefits as those to which the Executive was entitled immediately prior to the Change in Control, including the preparation of

the Executive's tax return(s) for himself and the Executive's spouse for the taxation year during which the Severance Period ends.

(viii) Relocation Assistance.

a. Moves of 75 miles or more

In the event that the Executive relocates the Executive's residence from one metropolitan area to another within Canada or the United States, involving a distance of not less than 75 miles, for any reason during the 12 month period following the Termination Date or 12 months past the resolution of any dispute under Section 12 hereof, the Corporation will provide the Executive with the same level of relocation assistance benefits as that provided under the Corporation's Relocation Policy (the "Policy") in effect at the time of the Change in Control, with the exception of the following:

- Temporary Living Expenses
- Equity Protection
- Purchase of a New Property
- Mortgage Interest Differential Payment
- Housing Purchase Subsidy
- Rental Subsidy
- Bridge Financing.

In lieu of a payment under the Home Disposal Assistance Plan Section of the Policy, the Executive will be entitled to a payment equal to the greater of:

(A) the "appraised market value" (as defined under the Policy) of the Executive's current residence and

(B) the original purchase price of the Executive's current residence plus the cost of any capital improvements to such residence from the original date of purchase.

This payment will be paid to the Executive, within 5 business days after the determination of the appraised market value (as defined under the Policy). In consideration of such payment, the Executive agrees to transfer title to the Executive's current residence forthwith to the Corporation or to the relocation company engaged by the Corporation, as directed by the Corporation, and to deliver to it all title documents in the Executive's possession that relate to the Executive's current residence.

b. Moves of less than 75 miles

In the event that the Executive relocates the Executive's residence involving a distance of less than 75 miles, for any reason during the 12 month period following the Termination Date, the Corporation will reimburse the Executive for disbursements made in respect of any legal fees, real estate commissions and real property transfer taxes incidental to the conveyance of the Executive's existing residence and the Executive's new residence.

(ix) Executive Medical. An amount equal to the cost of the annual physical examination last provided to the Executive before the Change in Control, for each year in the Severance Period.

(x) Club Memberships. An amount equal to the annual membership fees, not including any fees for initial membership paid on behalf of the Executive, for the year in which the Termination Date occurs, for each year of the Severance Period and prorated for incomplete years.

(xi) Housing Loans. The Executive will make repayments of any loan issued by the Corporation in connection with the Corporation's Relocation Expenses Policy, in accordance with the repayment schedule under the loan as though the Executive had not terminated employment; except that full repayment of the loan will be due on the earlier of the end of the Severance Period and the date on which the Executive sells the Executive's residence.

(xii) Housing Subsidy. An after-tax amount equal to the present value of the cost of any housing subsidy given to the Executive by the Corporation prior to the Executive's termination of employment that would have been payable by the Corporation under the terms of its policy in effect as of the Change in Control had the Executive continued to be employed during the Severance Period.

(xiii) Professional Membership Fees. An amount equal to the membership fees for membership in professional organizations related to maintaining the Executive's professional status reimbursed by the Corporation for the year preceding the year during which the termination occurs, for each year in the Severance Period.

(xiv) Pensions. The Executive is entitled to receive a lump sum value equivalent to the actuarial value of the benefits under the pension arrangement outlined in the Executive Employment Agreement had the Executive continues to accrue service from the Executive's Termination Date to the end of the Severance Period.

(xv) Legal Fees and Expenses. The Corporation will pay the Executive's legal fees and expenses incurred by the Executive as a result of the Executive's termination (including all such fees and expenses, if any, incurred in seeking to obtain or enforce any right or benefit provided by this Agreement) to a maximum amount of $100,000 excluding applicable taxes provided however, that the Executive shall re-pay to the Corporation all such amounts if it is determined by an arbitrator or court that the Executive's dispute was frivolous or vexatious.

(xvi) Tax Withholding. Unless expressly provided otherwise in an applicable provision of this Agreement, all payments to be made under this Section will be subject to required statutory deductions at source.

(xvii) Calculations. For purposes of determining the present value of an amount, other than for purposes of clause (c) (xv) above, the interest rate to be used will be the yield for 5 year constant maturity Canadian government bonds for the current week taken from the most recent weekly Canadian Debt Strategy published by ScotiaMcLeod Inc. or, if for any reason that report is not available at the relevant time, the most recent weekly report published by another recognized Canadian publisher of a report of similar standing chosen by the Corporation. All calculations of amounts payable under this Agreement will be subject to verification by the Corporation's independent auditors.

(xviii) No Mitigation. The Executive will not be required to mitigate the amount of any payment provided for in this Section by seeking other employment or otherwise, nor will the amount of any payment or benefit provided for in this Section be reduced by any compensation earned by the Executive as the result of employment, whether by another employer or self-employment, or by pension benefits after the Termination Date, or otherwise, except as specifically provided in this Section.

5. Payment of Benefits

If any payment to the Executive required by this Agreement is not made within the time for such payment specified herein, the Executive shall be paid interest on such payment at the legal rate payable from time to time upon judgments in the Province of Alberta from the date such payment is payable under the terms hereof until paid.

6. Binding Agreement

This Agreement shall inure to the benefit of and be enforceable by the Executive, and the Executive's heirs, legal or personal representatives. If the Executive should die while any amount would still be payable to the Executive hereunder if the Executive had continued to live, all such amounts will be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there is no such designee, to the Executive's estate. This Agreement shall be binding upon the Corporation, its Successors and assigns. The Corporation shall require any Successor to expressly assume and agree to perform this Agreement in accordance with its terms. The Corporation shall obtain such assumption and agreement prior to the effectiveness of any such succession.

7. Notices

For the purpose of this Agreement, notices and all other communications provided for in this Agreement will be in writing, will be deemed to have been duly given when delivered or sent by facsimile or other form of recorded electronic communication, charges prepaid and confirmed in writing or on the third business day after having been sent by registered mail, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith.

8. Most Favoured Benefits

If after a Change in Control there is a conflict between the provisions of this Agreement and the provisions of any incentive compensation plans, benefit plans, the Pension Plan, any other perquisites payable, or any basis of compensation or the payment of benefits to the Executive, generally, the parties acknowledge and agree that it is the intent of this Agreement that the Executive will receive the maximum of the amounts owing to the Executive hereunder or thereunder and in no event will the Executive be disadvantaged as a result of such a conflict.

9. Amendments; Waivers

No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing. No waiver by either party of the breach of any condition or provision of this Agreement shall be deemed a waiver of any other condition or provision at the same or any other time. Any Change in Control Agreement between the parties hereto which predates this Agreement is null and void.

10. Governing Law

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Province of Alberta.

11. Validity

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

12. Dispute Resolution

(a) Following the delivery of a Notice of Dispute by either party, at the election of the Executive such dispute may be settled and determined by mandatory arbitration.

(b) Where the Executive has elected to settle the dispute by way of arbitration, the provisions of this Section 12 shall be deemed to constitute an "arbitration agreement" within the meaning of the *Arbitration Act*, R.S.A. 2000, c.A.-43 as amended (the "Act") and the provisions of the Act, except to the extent that a contrary intention is expressed herein, shall apply to any arbitration hereunder. The Executive may at any time give written notice to the Corporation of a desire to submit such dispute to arbitration. Within 10 business days after receipt of such notice, the parties shall appoint a single arbitrator, with appropriate experience to determine such dispute. If the parties fail to appoint an arbitrator either party may apply to a judge of the Court of Queen's Bench to appoint an arbitrator to determine such dispute. Notwithstanding the Act, the Executive may discontinue the submission to arbitration and revoke the appointment of an arbitrator at any time prior to the commencement of the hearing. The arbitrator so appointed shall have all the powers of a judge of the Court of Queen's Bench and shall forthwith proceed to arbitrate the dispute. The award of the arbitrator shall be delivered to the parties within 60 days of the conclusion of the arbitration hearing. The costs of the arbitration shall be paid as determined by the arbitrator. Judgment upon the award rendered by the arbitrator may be entered into any court having jurisdiction and thereupon execution or other legal process may issue thereon. The parties hereto and all persons claiming through or under them hereby attorn to the jurisdiction of the arbitrator and to the jurisdiction of any court in which the judgment may be entered.

(c) Following the delivery of a Notice of Dispute the Corporation will provide compensation and benefits in accordance with Section 4(c) herein, other than long term incentive plan or pension plan participation or payment, in which the Executive was participating when the Notice of Termination giving rise to the dispute was given, until the dispute is finally resolved either by way of mutual written agreement of the parties, by binding arbitration award hereunder or by final judgment, order or decree of a court of competent jurisdiction (which is not appealable, or the time for appeal therefrom has expired and no appeal has been perfected). In the event that the final resolution determines that the Executive is entitled to benefits pursuant to Section 4(c), all amounts paid by the Corporation hereunder to the Executive following the Termination Date, shall be considered to be payments under Section 4(c) and shall not be duplicated. In the event that the final determination of the dispute determines that the Executive is not entitled to

any benefits under Section 4(c), the Executive agrees to return promptly to the Corporation all payments received following the Termination Date set out in the Notice of Termination, other than any benefits to which he is entitled pursuant to Section 4(a) or (b), as applicable.

13. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

CANADIAN PACIFIC RAILWAY COMPANY

Per /s/ E.H. Harrison
E. Hunter Harrison, CEO

Per /s/ Peter Edwards
Peter Edwards, VP Human Resources and Labour Relations

/s/ Cheryl Parks
Witness

Cheryl Parks
Witness Name (print)

/s/ Mark Wallace
Mark Wallace

Schedule A

PARTICIPANT IN DEFINED CONTRIBUTION OPTION

If the Executive is participating in the Pension Plan's defined contribution option at the Termination Date, "P" equals the sum of:

(1) the contributions that the Corporation would have remitted on his behalf to the Pension Plan during the Severance Period; and

(2) the notional contributions that the Corporation would have allocated on his behalf to a notional account under the Supplemental Plan during the Severance Period,

calculated assuming that:

(3) he had been employed throughout the Severance Period and that his salary had been increased on each January 1st during that period in accordance with the salary and merit increase assumptions which appear in the last actuarial report on the Pension Plan filed prior to the Change in Control with the appropriate governmental authorities; and

(4) the bonus payable under the short-term incentive plan for the calendar year of the Termination Date had been determined pursuant to clause 4(c)(iii), and the bonus payable under such plan for each subsequent year or fraction thereof during the Severance Period had been determined pursuant to clause 4(c)(iii) applied to the adjusted salary rates determined in accordance with subparagraph (3) above.

If the Executive is not entitled to his accrued benefits under the Retirement Arrangement by reason of not having satisfied the vesting requirements for such benefits, he shall receive an additional cash payment, due no later than the Payment Date, equal to the amount that would have been payable to him under the Retirement Arrangement at such date if he had satisfied such vesting requirements.

Exhibit 10.44

CANADIAN PACIFIC

Paul Guthrie
VP and Chief Legal Officer
and Corporate Secretary

7550 Ogden Dale Rd. SE
Calgary Alberta
T2P 4X9

Tel: (403)319-6184

Paul_Guthrie@cpr.ca

March 7, 2014

Private and Confidential

Laird Pitz
Via email

Dear Laird

I am very pleased to offer you the position of Vice President Security and Risk Management with Canadian Pacific in Calgary Canada reporting to myself.

The details of this offer are as follows:

COMMENCEMENT DATE

April 2, 2014

TOTAL DIRECT COMPENSATION

In this role, the expected value of your total direct compensation package (base salary, STIP and LTIP) will be $756,250 annually, and is comprised of:

Base Salary

Your annual base salary will be $275,000 paid bi-weekly in Canadian dollars.

Short Term Incentive Plan (STIP)

You will be eligible to participate in the Short Term Incentive Plan as it may be amended from time to time. Your target award level will be 60% of your base salary (or $165,000). This annual bonus is comprised of two components, individual and corporate: 25% will be based on your individual performance as measured through the Company's Performance Management Program and the remaining 75% will be based on the Company's performance against its corporate targets. Both individual and corporate components have a maximum of 200% of target (i.e., for a total of 120% of base salary). In 2014, you will be eligible for a prorated amount.

Long Term Incentive Program (LTIP)

You will be eligible to participate in the Company's Long Term Incentive Plan (LTIP). Subject to plan design, as it may change over time and ongoing Board discretion, your target award level will be 115% of base salary (or $316,250), consisting of an allocation of 50% in regular stock options and

50% in performance share units (PSUs). Subject to Board approval, annual grants typically occur in January/February of each year.

OWNERSHIP GUIDELINES

By five (5) years from your start date, you will be required to achieve an ownership level equivalent to two times your annual salary. To help you meet your ownership requirements, the company has a voluntary incentive deferral program. Annually, you may elect to defer all or a portion of your annual bonus payment into DSUs. The Company will provide a 25% match, i.e., one DSU will be awarded for every four DSUs acquired with your bonus deferral. The matched units will only be provided if you are below your ownership level.

VACATION

You are entitled to five weeks' vacation per year. For 2014, your vacation entitlement will be prorated according to your start date.

FLEX BENEFITS

You will be eligible to participate in CPR's *Flex*Benefits through Manulife, our benefits provider. In addition to your core coverage, you will be given individual choices regarding each of the following: life insurances for you and your dependents, long-term disability, health care, dental care and personal travel insurance.

An activation key will be forwarded to you with a link for accessing *Flex*Benefits on line. You will be given an expiry date by which time you must complete your enrolment. Please see attached summary of benefits.

CANADIAN PACIFIC AUTOMOBILE PLAN

The Automobile Plan allows you to select an automobile up to a value of $48,600 (excluding sales tax, transportation, and license costs). The plan also allows you to exceed this limit but at your own expense**.**

The Company will obtain a vehicle and make it available for unrestricted use by yourself and immediate family members who reside with you (as well as occasional use by others). The Company will pay or will reimburse you for all maintenance and operating expenses. The vehicle will be replaced after four (4) years or 100,000 kms, whichever comes first. Provision has been made to allow you to purchase the vehicle, if you so wish, when it becomes eligible for replacement or sooner if you leave the employ of the Company, according to the terms of the plan.

As a result of your participation in this plan, you will incur an annual taxable benefit relating to the use of the vehicle in accordance with current tax laws. However, given it is the Company's objective to promote the use of more fuel efficient, environmentally friendly automobiles, should you select a vehicle that meets the criteria for

environmentally friendly vehicles as outlined in the Company's Executive Automobile Policy, the Company will gross up the Annual Lease Value (ALV) portion of the taxable benefit, based on a percentage of the ALV calculation.

Upon relocation to Canada, please contact Doug Rasmussen at Pattison Leasing (403) 301-2407 to arrange for your vehicle. Please note that depending on the vehicle selected, it may take up to 6 months from order placement to receive your vehicle, and as a result, to begin taking advantage of this benefit.

RETIREMENT PROGRAMS

You will be enrolled in the Canadian Pacific Defined Contribution (DC) Option of the Canadian Pacific Pension Plan. CP's competitive DC plan features employer and employee contributions which increase over time based on your combined age and years of service.

The following illustrates DC contribution levels.

Employee Contribution	Age plus service points	**CP** Contribution	Age plus service points
4% of earnings	<40	4%	<40
5% of earnings	40-49	5%	40-49
6% of earnings	50+	6%	50-59
		7%	60-69
		8%	70+

In addition, you will be eligible to participate in the Canadian Pacific Railway Company Supplemental Retirement Plan (the Supplemental Plan), which is fully paid by the Company. Supplemental benefits include pension benefits in excess of the Canada Customs and Revenue Agency maximum for the DC pension plan. For your level, this plan provides an additional notional contribution of 6% of your base salary annually.

FLEX PERQUISITIES PROGRAM

You are eligible to participate in the Canadian Pacific Railway Flexible Perquisite Program for senior officers. This program allows you to design the perquisite package best suited to your individual needs (executive automobile, clubs, financial counseling services etc.) within a set annual "flex dollar" amount. Any unused funds at the end of the year are paid out in cash.

EXECUTIVE MEDICAL PROGRAM

You are entitled to an annual executive medical examination. The examination includes a number of tests, which will assist in determining your health status as well as recommending preventative and/or curative measures, thus optimizing your health. The medical information obtained during the examination remains strictly confidential.

EMPLOYEE SHARE PURCHASE PLAN (ESPP)

You can also participate in the Employee Share Purchase Plan (ESPP). Shares may be purchased through payroll deduction and the Company matches a portion of every dollar invested (subject to certain vesting conditions). Participants can contribute between one and ten percent of eligible earnings to the Plan. The Company will contribute 33 cents for every dollar contributed to the Plan on the first 6% of your contributions, on an ongoing basis

EXECUTIVE COMPENSATION CLAWBACK

By signing this offer letter you are agreeing to be bound by the Executive Compensation Clawback Policy. The Corporation may seek reimbursement of incentive compensation paid to you, specifically, where (i) you have received or receive incentive compensation that is based on financial results that are subsequently materially restated or corrected, (ii) through misconduct, you are responsible for causing the need for such restatement or correction, and (iii) your incentive compensation would have been lower based on the restated or corrected results.

The Board may from time to time approve amendments to the Executive Compensation Clawback Policy. If such amendments are made, you will be advised immediately. For further information please see Appendix 1.

RELOCATION

As your new position is located in Calgary, the relocation of you, your family and your household effects will be governed by the Company's Relocation (Canada) Policy #8801 which can be found under Employee Policies on Rail City.

As a relocating employee, please ensure that the request for Relocation Form (Appendix II) is returned with your signed acceptance as soon as possible in order to initiate your move. Once returned to us, Brookfield Global Relocation Services (BGRS) will then contact you to initiate the process and answer any questions you might have.

TAX PLANNING AND SETTLEMENT

For application to your specific tax situation, we will provide you with up to 3 hours of consultation with a tax advisor. Please contact Paul Watson, Senior Manager at KPMG at 403-691-8487 to arrange a mutually agreeable time for this consultation if you wish to use this service.

As a result of the complications resulting from the preparation of tax returns during the year of transfer, the Company is prepared to provide you with professional assistance in completing your tax returns for the transition year and the following tax year. The Company will not compensate you for any increased income tax burden arising from the assignment.

Due to different tax filing deadlines between the US and Canada, and the manner in which source tax deductions are made, there may be a potential allocation of tax liabilities between the two countries causing an amount owing to one jurisdiction while a refund is expected in the other, which can only be determined upon filing of all appropriate returns. The Company will offer a temporary advance of funds to you to cover the timing of tax liabilities where it is necessary to pay the tax liability owing to one jurisdiction in anticipation of a refund from the other. However, this advance will generally be limited to the amount of anticipated refund as such terms are intended to cover timing differences, but not to finance your net personal tax liability. A copy of this advance of funds for taxes is attached as Appendix III to this letter.

WORK PERMIT

This offer is conditional upon your obtaining a work permit in Canada. Until such time that a work permit is secured, you will perform your duties from your current location. You agree to provide such information as required, and Canadian Pacific agrees to arrange for your application to be sent to Canadian Immigration Authorities. This process may take up to six months.

In order to expedite your work permit application, please also provide copies of the following documents when you submit your signed acceptance to this offer:

- Passports
- Degrees
- Marriage certificate

ADDITIONAL TERMS AND CONDITIONS OF EMPLOYMENT

Welcome to CP" Presentation

After your start date, you are invited to access "RailCity", CP's Intranet site, where you can view information about our company, our policies and learn about our benefits. To view the "Welcome to CP" presentation on "RailCity", click on the "Employee" tab and choose "New Employee". If you have any difficulties accessing the site please contact our HR Service Centre at 1-866-319-3900 or hr-help@cpr.ca

Terms and Conditions of Employment

As a condition of employment, you will be required to read CP's Code of Business Ethics and electronically sign an acknowledgement that you have read and agree to adhere to the Code of Business Ethics. You will be provided with mandatory on-line training on CP's Code of Ethics after the commencement of your employment with the Company. In addition, your photograph will be posted in our Talent Management database for the purpose of supporting the employee development and succession planning processes.

You acknowledge that you are legally entitled to accept an offer of employment with CP and that you have disclosed to CP any employment agreements with CN relating to non-disclosure, non-compete and non-solicitation.

It is CP's policy to honor all legally enforceable employment agreements an employee has with third-parties, and to respect the intellectual property of third parties. You therefore acknowledge that you will honour all non-solicitation and non-disclosure agreements that you may have with CN and as might otherwise be imposed by law.

Future Relocation

CP is a national organization with an extensive network in Canada and the U.S. Based on operational needs; you may be required to relocate to another work location on the system. As well, advancement opportunities may require geographical relocation. Should you be faced with either situation, notice of the need to relocate and assistance to do so will be provided to you in accordance with corporate relocation policies.

Obtaining or Maintaining Qualification

Provided you are medically fit for safety-critical positions, you may be required to obtain a certification or to maintain your current certification / qualification as locomotive engineer or conductor, as you may be called upon to operate trains as and when required. This may involve operating trains away from your normal work location.

Security Clearance

As a condition of employment, you will be required to pass a medical examination and a security clearance, both of which will be arranged at your convenience following your acceptance of this offer. This offer of employment is conditional upon the results.

This offer of employment is submitted to you for acceptance, and is valid through March 19, 2014. Please sign and return the enclosed copy of this letter, the completed appendices and copies of the required documents and the completed application information form on or before that date to:

Kathie Brown
AVP Total Compensation
Canadian Pacific
7550 Ogden Dale Road SE
Calgary AB T2C 4X9
e-mail: kathie_brown@cpr.ca

If you have any questions regarding your benefits and other entitlements related to this offer of employment, please call Kathie Brown at (403) 319-6455.

Welcome to Canadian Pacific Laird, I am excited about working with you on the many opportunities facing our organization. I look forward to your creative input, fresh perspective and positive contribution.

I am confident that your skills will complement our team and that your career with CP will be challenging and rewarding. We hope that you will join us!

Sincerely,

/s/ Paul Guthrie

Paul Guthrie
VP Chief Legal Officer & Corporate Secretary.

Appendix I

Executive Compensation Clawback Policy

The Board of Directors may determine that incentive compensation paid to a senior executive or former senior executive should be reimbursed to the Company in circumstances where:

1. The incentive compensation paid to the senior executive or former senior executive was predicated upon the achievement of financial results that were subsequently materially restated or corrected, in whole or in part; and

2. The senior executive or former senior executive engaged in gross negligence, fraud or intentional misconduct that caused or partially caused the need for such restatement or correction, as admitted by the senior executive, or, in the absence of such admission, as determined by the Board acting reasonably; and

3. The incentive compensation paid to the senior executive or former senior executive would have been lower based on the restated or corrected results.

Intentional misconduct includes (but is not limited to) acts or omissions that are not in good faith or which are a knowing violation of a law, and can also include conscious inaction, where no corrective measures were taken to avoid or rectify a material decision made, which resulted in financial harm to the Company.

In such an instance, reimbursement of all or a portion of the applicable incentive compensation paid to the senior executive or former senior executive under the Company's incentive plans will be sought, as permitted by applicable laws and to the extent the Board determines, in its sole discretion, that it is in the best interest of the Company to so require reimbursement (including to ensure compliance with applicable laws).

If it is determined recovery should be sought, the Board may pursue all reasonable legal and other remedies to recover the applicable incentive compensation, including, without limitation, by: (i) seeking repayment from the senior executive or former senior executive; (ii) reducing the amount that would otherwise be payable to the senior executive under a Company plan; (iii) reducing or withholding future equity grants, bonus awards, or salary increases; or (iv) taking any combination of these actions. These remedies would be in addition to, and not in lieu of, any actions imposed by law enforcement agencies, regulators or other authorities.

Exhibit 10.45

Execution Copy

U.S. $2,000,000,000
REVOLVING CREDIT FACILITIES

CANADIAN PACIFIC RAILWAY COMPANY

- and -

CPR SECURITIES LTD.
as Borrowers

- and -

CANADIAN PACIFIC RAILWAY LIMITED
as Covenantor

- and -

THE FINANCIAL INSTITUTIONS IDENTIFIED ON THE SIGNATURE PAGES HERETO OR WHICH HEREAFTER BECOME LENDERS
as Lenders

- and -

ROYAL BANK OF CANADA
as Administrative Agent

- with -

RBC CAPITAL MARKETS, J.P. MORGAN SECURITIES LLC, TD SECURITIES, MORGAN STANLEY MUFG LOAN PARTNERS, LLC AND CITIBANK, N.A., CANADIAN BRANCH
as Co-Lead Arrangers

- and -

RBC CAPITAL MARKETS and J.P. MORGAN SECURITIES LLC
as Joint Bookrunners

- and -

JPMORGAN CHASE BANK, N.A.
as Syndication Agent

- and -

THE TORONTO-DOMINION BANK, MORGAN STANLEY MUFG LOAN PARTNERS, LLC AND CITIBANK, N.A., CANADIAN BRANCH
as Co-Documentation Agents

CREDIT AGREEMENT

Dated as of September 26, 2014

Burnet, Duckworth & Palmer LLP
Norton Rose Fulbright Canada LLP

TABLE OF CONTENTS

Page

Schedules

CREDIT AGREEMENT

Dated as of September 26, 2014

BETWEEN:

CANADIAN PACIFIC RAILWAY COMPANY ("**CPRC**"), a corporation incorporated and existing under the laws of Canada and **CPR SECURITIES LTD.** ("**CPR Securities**"), a corporation incorporated and existing under the laws of Canada, as Borrowers,

- and -

CANADIAN PACIFIC RAILWAY LIMITED (the "**Covenantor**") a corporation incorporated and existing under the laws of Canada, as Covenantor,

- and -

THE FINANCIAL INSTITUTIONS IDENTIFIED AS LENDERS ON THE SIGNATURE PAGES AND THE FINANCIAL INSTITUTIONS WHICH BECOME LENDERS UNDER THIS AGREEMENT, as Lenders,

- and -

ROYAL BANK OF CANADA, as Administrative Agent.

AND WHEREAS CPRC, CPR Securities and the Covenantor, the Lenders and the Administrative Agent wish to enter into this Credit Agreement for the purposes and on the terms and conditions provided for herein;

NOW THEREFORE the parties hereto, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby covenant and agree as hereinafter set forth:

ARTICLE 1
INTERPRETATION

1.1 Defined Terms

As used in this Agreement, the following terms have the following meanings:

"**1+1 Commitment**" has the meaning specified in the definition of Commitment.

"**1+1 Decision Date**" has the meaning specified in Section 2.8(a).

"**1+1 Facility**" has the meaning specified in the definition of Credit Facility.

"**1+1 Maturity Date**" means, for a 1+1 Lender, the date which is one year from the Term Out Date of such 1+1 Lender.

"**5 Year Commitment**" has the meaning specified in the definition of Commitment.

"**5 Year Documentary Credit Commitment**" means, at any time under the 5 Year Facility, U.S. $410,000,000 (as reduced pursuant to this Agreement), and for greater certainty, the 5 Year Documentary Credit Commitment forms part of the Commitment under the 5 Year Facility.

"**5 Year Extension Date**" has the meaning specified in Section 2.7(a).

"**5 Year Facility**" has the meaning specified in the definition of Credit Facility.

"**5 Year Fronting Documentary Credit Commitment**" means each 5 Year Fronting Documentary Credit Lender's obligation hereunder to issue Fronted Documentary Credits under the 5 Year Facility for the account of a Borrower in an aggregate principal amount in U.S. Dollars (or the Equivalent Amount in Canadian Dollars or Pounds Sterling) with respect to all 5 Year Lenders equal to the amount set forth:

(a) opposite such 5 Year Fronting Documentary Credit Lender's name on Schedule 1 hereto;

(b) in an assignment and assumption agreement substantially in the form of Schedule 8 hereto; or

(c) in an agreement between the Borrowers and such Lender of which the Administrative Agent has received a copy;

in each case as such amount may from time to time be increased, decreased, cancelled or terminated pursuant to this Agreement.

"**5 Year Fronting Documentary Credit Lenders**" means, collectively, the financial institutions listed on Schedule 1 hereto which have a 5 Year Fronting Documentary Credit Commitment, any Person who may become a 5 Year Fronting Documentary Credit Lender pursuant to Section 12.10 and any Lender who agrees to become a 5 Year Fronting Documentary Credit Lender by providing the Administrative Agent and the Borrowers with written confirmation of the same and of its 5 Year Fronting Documentary Credit Commitment, and their respective successors and permitted assigns, and, in the singular, any one of them, provided that there shall be no more than nine 5 Year Fronting Documentary Credit Lenders.

"**5 Year Maturity Date**" means, for a 5 Year Lender, September 26, 2019 subject to extension as provided for in Section 2.7

"**5 Year Swingline Facility**" has the meaning specified in the definition of Credit Facility.

"**5 Year Swingline Lender**" means Royal Bank of Canada and its successors and permitted assigns, in its capacity as 5 Year Swingline Lender hereunder.

"**Accommodations**" means:

(a) an Advance made by a Lender on the occasion of any Borrowing;

(b) the creation and purchase of Bankers' Acceptances or the purchase of completed Drafts by a Lender on the occasion of any Drawing; and

(c) the issue of a Documentary Credit by a Documentary Credit Lender on the occasion of any Issue;

(each of which is a "**Type**" of Accommodation). "**5 Year Accommodations**" means Accommodations made under the 5 Year Facility and "**1+1 Accommodations**" means Accommodations made under the 1+1 Facility.

"**Accommodation Notice**" means a Borrowing Notice, an Interest Rate Election, a Drawing Notice or an Issue Notice, as the case may be, under the applicable Credit Facility.

"**Accommodations Outstanding**" means, at any time, under a Credit Facility or under the Credit Facilities, as applicable and in aggregate, but subject as provided in the next following sentence:

(a) in relation to the Borrowers and any Lender, the amount of all Accommodations at such time made by such Lender to the Borrowers; and

(b) in relation to the Borrowers and the Lenders collectively, the amount of all Accommodations at such time made by the Lenders to the Borrowers.

In determining Accommodations Outstanding, the aggregate amount thereof shall be determined by adding:

(i) the aggregate principal amount of all outstanding Advances;

(ii) the aggregate Face Amount of all outstanding BA Instruments (and, in respect of each Lender, a rateable part of such Face Amount);

(iii) the Face Amount of all outstanding Documentary Credits; and

(iv) without duplication, an amount equal to the aggregate principal amount of all Swingline Advances and the Face Amount of all Fronted Documentary Credits for which the Lenders are contingently liable pursuant to Sections 3.1(a) and 5.7(c)(i) and subtracting therefrom the amount, if any, being held by the Administrative Agent at such time pursuant to Section 2.11(b) (and, in respect of each Lender, a rateable part of such principal amount and Face Amount, as the case may be).

The foregoing amounts shall be expressed, where applicable, in U.S. Dollars and each relevant Canadian Dollar amount or Pounds Sterling amount shall be converted (for purposes of such determination only) into its Equivalent U.S. $ Amount.

"**Administrative Agent**" means Royal Bank of Canada as administrative agent for the Lenders under this Agreement, and any successor appointed pursuant to Section 10.7.

"**Advances**" means advances of funds made by a Lender under Article 3 and "**Advance**" means any one of such advances. Advances made by the 5 Year Lenders are sometimes referred to herein as the "**5 Year Advances**", advances made by the 1+1 Lenders are sometimes referred to as the "**1+1 Advances**" and advances made by the 5 Year Swingline Lender are sometimes referred to herein as "**Swingline Advances**". Advances may be denominated in Canadian Dollars (a "**Canadian Dollar Advance**") or in U.S. Dollars (a "**U.S. Dollar Advance**"). A Canadian Dollar Advance may (in accordance with Article 2 and Article 3) be designated as a "**Canadian Prime Rate Advance**" and a U.S. Dollar Advance may (in accordance with Article 2 and Article 3) be designated as a "**Eurodollar Rate Advance**" or a "**Base Rate (Canada) Advance**". Canadian Prime Rate Advances and Base Rate (Canada) Advances are sometimes referred to, collectively, as "**Floating Rate Advances**". Eurodollar Rate Advances are sometimes

referred to as "**Fixed Rate Advances**". Each of a Canadian Prime Rate Advance, a Eurodollar Rate Advance and a Base Rate (Canada) Advance is a "**Type**" of Advance.

"**Affected Lender**" has the meaning specified in Section 2.15.

"**Affiliate**" has the meaning specified in the *Canada Business Corporations Act* on the Effective Date.

"**Agency Fee Letter**" means that certain fee letter between the Covenantor and the Administrative Agent relating to the Credit Facilities.

"**Agreement**" or "**Credit Agreement**" means this Agreement, as the same may be further amended, modified, supplemented or restated from time to time in accordance with the provisions hereof; and the expressions "**Article**" and "**Section**" followed by a number mean and refer to the specified Article or Section of this Agreement.

"**Applicable Margin**" means, subject to the following sentences, the margins in basis points per annum set forth and defined in Schedule 7 with respect to the applicable Credit Facility and corresponding to CPRC's senior unsecured and unsubordinated Debt for Borrowed Money rating determined to be applicable in accordance with Schedule 7. In respect of:

(a) Canadian Prime Rate Advances or Base Rate (Canada) Advances, the Applicable Margin shall be the margin referred to in the column "Canadian Prime Rate Advances/Base Rate (Canada) Advances" in Schedule 7 for the applicable Credit Facility; and

(b) Eurodollar Rate Advances, Drawings or Documentary Credits, the Applicable Margin shall be the margin referred to in the column "Eurodollar Rate Advance/BA Instruments/Documentary Credits" in Schedule 7 for the applicable Credit Facility;

in each case appropriately corresponding to the applicable senior unsecured and unsubordinated Debt for Borrowed Money rating. Upon the occurrence and during the continuance of an Event of Default, each of the Applicable Margins shall be the highest rate provided for in the applicable column of Schedule 7.

"**Applicable Standby Fee Rate**" means, subject to the following sentence, the standby fee rate in basis points per annum set forth and defined in the column headed "Standby Fee" in Schedule 7 with respect to the applicable Credit Facility and corresponding to CPRC's senior unsecured debt rating determined to be applicable in accordance with Schedule 7. Upon the occurrence and during the continuance of an Event of Default, the Applicable Standby Fee Rate during such period shall be the highest rate provided for in the applicable column of Schedule 7.

"**Approved Fund**" means any person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of business and that is administered or managed by a Lender, an Affiliate of a Lender or a person or an Affiliate of a person that administers or manages a Lender.

"**Arm's Length**" has the meaning ascribed thereto in the *Income Tax Act* (Canada).

"**Assets**" means, with respect to any Person, all property, assets and undertaking of such Person of every kind and wheresoever situate, whether now owned or hereafter acquired.

"**Assignee**" has the meaning specified in Section 12.10(c).

"**BA Equivalent Note**" has the meaning specified in Section 4.3(c).

"**BA Instruments**" means, collectively, Bankers' Acceptances, Drafts and BA Equivalent Notes, and, in the singular, any one of them.

"**BA Reference Lenders**" means up to three Lenders under each Credit Facility which are named on Schedule II or Schedule III to the *Bank Act* (Canada) as selected by the Administrative Agent from time to time with the consent of the Borrowers and the applicable Lender.

"**Bankers' Acceptance**" has the meaning specified in Section 4.1(a).

"**Base Rate (Canada)**" means, for any day, the rate of interest per annum equal to the greater of:

(a) the per annum rate of interest which Royal Bank of Canada quotes or establishes for such day as the reference rate of interest for loans in U.S. Dollars in Canada to its Canadian borrowers;

(b) the Federal Funds Rate plus 50 basis points per annum, adjusted automatically with each quoted or established change in such rate, all without the necessity of any notice to either of the Borrowers or any other Person; and

(c) the Eurodollar Rate for an Interest Period of 1 month in effect on such day plus 50 basis points.

"**Base Rate (Canada) Advance**" has the meaning specified in the definition of "Advance".

"**basis point**" or "**bps**" means 1/100th of one per cent.

"**Beneficiary**" means, in respect of any Documentary Credit, the beneficiary named in the Documentary Credit or Issue Notice.

"**Bilateral LC Agreements**" means the bilateral letter of credit loan agreements presently in place between CPRC as borrower and CPRL as guarantor with each of Royal Bank of Canada, The Bank of Nova Scotia, The Toronto-Dominion Bank, Canadian Imperial Bank of Commerce and Alberta Treasury Branches as the same may be replaced by bilateral letter of credit loan agreements entered into by CPRC as borrower and guaranteed by CPRL subsequent to the Effective Date, together with any other bilateral letter of credit loan agreements entered into with other financial institutions after the Effective Date, provided that each such agreement is in substantially the same form and the lender under each such agreement is also a Lender, and includes any amendments, restatements, replacements, or modifications to any of the foregoing.

"**Borrowed Money**" means indebtedness in respect of moneys borrowed and moneys raised by the issue of notes, bonds, debentures or other evidences of moneys borrowed.

"**Borrowers**" means CPRC, CPR Securities and any other wholly-owned subsidiary of the Covenantor which becomes a Borrower hereunder in accordance with Section 2.1(d) and "**Borrower**" means any one of them.

"**Borrower's Account**" means for each Borrower and for each Credit Facility:

(a) in respect of Canadian Dollars, such Borrower's Canadian Dollar account in respect of the applicable Credit Facility; and

(b) in respect of U.S. Dollars, such Borrower's U.S. Dollar account in respect of the applicable Credit Facility;

in each case maintained by the Administrative Agent at its Calgary main branch, the particulars of which shall have been notified to the Administrative Agent by the applicable Borrower.

"**Borrowing**" means a borrowing consisting of one or more Advances.

"**Borrowing Notice**" has the meaning specified in Section 3.2.

"**Business**" means, with respect to the Covenantor, the Borrowers and the Designated Subsidiaries, the operation of a railway business and all related and incidental operations thereof, which may include intermodal and logistics management and associated inter-company financing and real estate operations.

"**Business Day**" means any day of the year, other than a Saturday, Sunday or other day on which banks are required or authorized to close in Toronto, Ontario or Calgary, Alberta and, where used in the context of:

(a) a Base Rate (Canada) Advance, is also a day on which banks are not required or authorized to close in New York, New York; and

(b) a Eurodollar Rate Advance, is also a London Business Day and a day on which banks are not required or authorized to close in New York, New York.

"**Canadian Dollar Advance**" has the meaning specified in the definition of "Advance".

"**Canadian Dollars**" and "**Cdn. $**" each means lawful money of Canada.

"**Canadian Prime Rate**" means, for any day, the rate of interest per annum equal to the greater of:

(a) the per annum rate of interest quoted or established as the "**prime rate**" of Royal Bank of Canada which it quotes or establishes for such day as the reference rate of interest in order to determine interest rates for commercial loans in Canadian Dollars in Canada to its Canadian borrowers; and

(b) the one-month CDOR Rate on such day plus 75 basis points per annum, adjusted automatically with each quoted or established change in such rate, all without the necessity of any notice to either of the Borrowers.

"**Canadian Prime Rate Advance**" has the meaning specified in the definition of "Advance".

"**Capital Adequacy Guidelines**" means the capital adequacy requirements from time to time specified by the Office of the Superintendent of Financial Institutions and published by it as one or more guidelines for banks.

"**Capitalized Lease Obligation**" of any Person means any obligation of such Person to pay rent or other amounts under a lease of property, real or personal, moveable or immoveable, that is required to be capitalized for financial reporting purposes in accordance with GAAP.

"**Cash Equivalents**" means:

(a) bonds or other evidences of indebtedness, the principal and interest of which is payable or fully guaranteed by the government of Canada or any province or territory thereof, or the United States

of America or any state thereof or the District of Columbia, or by any agency or instrumentality of any of the foregoing backed by the full faith and credit of Canada or any such province or territory or of the United States of America or any such state or the District of Columbia, payable in Canadian Dollars or United States Dollars and rated AAA or AA (or the then equivalent grade) and not rated a lower grade by DBRS, in the case of bonds or evidences of indebtedness of Canada or any province or territory thereof or agency or institution of Canada or any such province or territory, and S&P, in the case of bonds or evidences of indebtedness of the United States of America or any state thereof or any agency or instrumentality of the United States of America or any state thereof;

(b) deposits or certificates of deposit issued or guaranteed by a bank, trust company or savings and loan association organized under the laws of Canada or any province or territory thereof and rated P-1 (or the then equivalent grade) or better by Moody's or issued or guaranteed by a bank or trust company organized under the laws of the United States of America or any state thereof or of the District of Columbia, having capital, surplus and undivided profits in excess of U.S. $500,000,000;

(c) commercial paper rated A-1 (or the then equivalent grade) or better by S&P, P-1 (or the then equivalent grade) or better by Moody's or rated R-1 low (or the then equivalent grade) or better by DBRS, and not rated a lower grade by any of such firms, and having a maturity not in excess of one year from the date of acquisition thereof;

(d) repurchase obligations with a term of not more than seven (7) days for underlying securities of the types described in clause (a) above entered into with any bank, trust company or savings and loan association meeting the qualifications specified in clause (b) above; and

(e) investments in money market funds which invest substantially all their assets in securities of the types described in any of clauses (a) to (d) above, excluding any securities which a Canadian chartered bank is prohibited from holding as security under the *Bank Act* (Canada).

"**CDOR Rate**" means, on any day, and with respect to any Drawing or Canadian Prime Rate Advance, the per annum rate of interest which is the rate determined as being the arithmetic average of the discount rates (calculated on an annual basis and rounded to the nearest one-hundredth of 1%, with five-thousandths of 1% being rounded up) for Canadian Dollar bankers' acceptances having an aggregate Face Amount equal to and with a term equal or comparable to such Drawing or Canadian Prime Rate Advance, as applicable, that appears on the Reuters Service page identified as the "**CDOR Page**" of Reuter Monitor Money Rates Service (or such other page as is a replacement page for such bankers' acceptances) at approximately 10:00 a.m. (Toronto time) on such day (as adjusted by the Administrative Agent in good faith after 10:00 a.m. (Toronto time) to reflect any error in any posted rate or in the posted average annual rate). If the CDOR Rate is not available as at the specified time, then such rate shall mean the arithmetic average of the discount rates (calculated on an annual basis and rounded to the nearest one-hundredth of 1%, with five-thousandths of 1% being rounded up) quoted by the Administrative Agent and two (2) other Lenders selected by the Administrative Agent and agreed to by the relevant Borrower (acting reasonably) and each such Lender at approximately 10:00 a.m. (Toronto time) as the discount rate at which each such Lender would purchase, on the relevant Drawing Date, its own Bankers' Acceptances or Drafts having an aggregate Face Amount equal to and with a term to maturity equal or comparable to the Drawing or Canadian Prime Rate Advance, as applicable; and if the Administrative Agent is unable to obtain quotes for the above-mentioned rate from two (2) other Lenders on the days and at the times described above, the rate shall be such other rate or rates as the Administrative Agent and the relevant Borrower may agree upon.

"**Commitment**" means, at any time, in respect of the 5 Year Facility, U.S. $1,000,000,000 and, in respect of the 1+1 Facility, U.S. $1,000,000,000 (in each case as increased pursuant to Section 2.2(d) or as otherwise reduced pursuant to this Agreement). A "**Lender's Commitment**" in respect of a Credit Facility means, at any time, the relevant amount designated as such and set forth opposite such Lender's name on Schedule 1 hereto with respect to such Credit Facility (as increased, if applicable, pursuant to Section 2.2(d) or as otherwise reduced pursuant to this Agreement) and a "**5 Year Commitment**" means a 5 Year Lender's Commitment under the 5 Year Facility and a "**1+1 Commitment**" means a 1+1 Lender's Commitment under the 1+1 Facility.

"**Compliance Certificate**" means the certificate referred to in Section 8.1(a)(iii).

"**Consolidated Assets**" means, in respect of the Covenantor, the total assets of the Covenantor and its Subsidiaries as shown on the Covenantor's consolidated financial statements less all amounts included in total assets which constitute Intangible Assets.

"**Consolidated Equity**" means, at any time, the sum of, without duplication:

(a) consolidated shareholders' equity appearing on the consolidated balance sheet of the Covenantor at that time;

(b) minority shareholders' interests in subsidiary companies appearing on that consolidated balance sheet; and

(c) Convertible Debt;

all as determined on a consolidated basis in accordance with GAAP.

"**Convertible Debt**" means any convertible subordinated debentures or notes issued by the Covenantor or CPRC which have all of the following characteristics:

(a) an initial final maturity or due date in respect of repayment of principal extending beyond the latest Maturity Date of any Lender in effect at the time such debentures or notes are created, incurred or assumed;

(b) no scheduled or mandatory payment or repurchase of principal thereunder (other than acceleration following an event of default in regard thereto or payment which can be satisfied by the delivery of common shares of the Covenantor as contemplated in paragraph (f) of this definition) prior to the latest Maturity Date of any Lender under this Agreement in effect at the time such debentures or notes are created, incurred or assumed;

(c) upon and during the continuance of a Default, an Event of Default or acceleration of the time for repayment of any amounts outstanding which has not been rescinded, (i) all amounts payable in respect of principal, premium (if any) or interest under such debentures or notes (including, for certainty, any guarantees provided in respect thereof) are subordinate and junior in right of payment to all such outstanding amounts and fees, interest and other amounts payable under the Credit Facilities and (ii) no enforcement steps or enforcement proceedings may be commenced in respect of such debentures or notes;

(d) upon distribution of the assets of the Covenantor, CPRC or any guarantor of the debentures or notes, as applicable, on any dissolution, winding up, total liquidation or reorganization of the Covenantor, CPRC or any such guarantor, as applicable (whether in bankruptcy, insolvency or

receivership proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of such person, or otherwise), all outstanding amounts and fees, interest and other amounts payable under the Credit Facilities shall first be paid in full, or provisions made for such payment, before any payment is made on account of principal, premium (if any) or interest payable in regard to such debentures or notes;

(e) the occurrence of a Default or Event of Default hereunder or the acceleration of the time for repayment of any of the outstanding amounts and fees, interest and other amounts payable under the Credit Facilities or enforcement of the rights and remedies of the Administrative Agent and the Lenders under or any of the Credit Documents shall not in and of themselves:

(i) cause a default or event of default (with the passage of time or otherwise) under such debentures or notes or the indenture governing the same; or

(ii) cause or permit the obligations under such debentures or notes to be due and payable prior to the stated maturity thereof; and

(f) payments of interest or principal due and payable under such debentures or notes can be satisfied, at the option of the Covenantor or CPRC, as applicable, by delivering common shares of the Covenantor in accordance with the indenture or agreement governing such debentures or notes (whether such common shares are received by the holders of such debentures or notes as payment or are sold by a trustee or representative under such indenture or agreement to provide cash for payment to holders of such debentures or notes).

"**Covenantor**" means Canadian Pacific Railway Limited, and its successors and permitted assigns.

"**CPRC**" means Canadian Pacific Railway Company, and its successors and permitted assigns.

"**CPR Securities**" means CPR Securities Ltd., and its successors and permitted assigns.

"**Credit Documents**" means this Agreement, each Designated Subsidiary Guarantee, the BA Instruments and all other documents to be executed and delivered to the Administrative Agent or the Lenders, or both, by any Borrower, the Covenantor or any Designated Subsidiary in connection with the Credit Facility.

"**Credit Facility**" means, as applicable, any one of:

(a) the credit facility (the "**5 Year Facility**") made available hereunder by the 5 Year Lenders by way of 5 Year Accommodations and represented by each 5 Year Lender's 5 Year Commitment;

(b) the credit facility (the "**1+1 Facility**") made available hereunder by the 1+1 Lenders by way of 1+1 Accommodations and represented by each 1+1 Lender's 1+1 Commitment; and

(c) the credit facility (the "**5 Year Swingline Facility**") made available hereunder by the 5 Year Swingline Lender by way of Swingline Accommodations and represented by the 5 Year Swingline Lender's Swingline Commitment;

and "**Credit Facilities**" means all of them.

"**Current 5 Year Maturity Date**" has the meaning specified in Section 2.7(a).

"**DBRS**" means DBRS Limited and its successors.

"**Debt**" of any Person means and includes all items of indebtedness which in accordance with GAAP would be included in determining total liabilities as shown on the liability side of a balance sheet as at the date on which Debt is to be determined but, in any event, including, without duplication:

(a) obligations secured by any Liens existing on property owned by such Person subject to such Liens whether or not the obligations secured thereby shall have been assumed; and

(b) the maximum amount outstanding at any time of guarantees and other contingent obligations for the payment of money of such Person in respect of, or any obligation to purchase or otherwise acquire or service, obligations for the payment of money of any other Person.

"**Default**" means an event which, with the giving of notice or passage of time, or both, would constitute an Event of Default.

"**Defaulting Lender**" means any Lender:

(a) that has failed to fund any payment or its portion of any Accommodations required to be made by it hereunder (unless such Lender notifies the Agent and the Borrower in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular failure) has not been satisfied) or to purchase any participation required to be purchased by it hereunder and under the other Credit Documents, in each case within two (2) Business Days after the date that such funding was required hereunder;

(b) that has notified the Borrowers, the Administrative Agent or any Lender (verbally or in writing) that it does not intend to or is unable to comply with any of its funding obligations under this Agreement (unless such notification relates to such Lender's obligation to fund an Accommodation hereunder and indicates such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including particular defaults (if any) to funding an Accommodation has not been satisfied) or has made a public statement to that effect or to the effect that it does not intend to or is unable to fund advances generally under credit arrangements to which it is a party;

(c) that has failed, within three (3) Business Days after written request by the Administrative Agent or the Borrowers, to confirm in writing to the Administrative Agent and the Borrowers that it will comply with the terms of this Agreement relating to its obligations to fund prospective Accommodations (for certainty, unless and until such Lender has provided such written confirmation);

(d) that has otherwise failed to pay over to the Borrowers, the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within three (3) Business Days of the date when due, unless the subject of a good faith dispute;

(e) in respect of which a Lender Insolvency Event or a Lender Distress Event has occurred in respect of such Lender or its Lender Parent; or

(f) that is generally in default of its obligations under other existing credit or loan documentation under which it has commitments to extend credit.

"**Designated Subsidiary**" means those Subsidiaries of the Covenantor which are from time to time designated as Designated Subsidiaries in accordance with Section 2.13 unless and until such designation is validly revoked pursuant to Section 2.13 hereof.

"**Designated Subsidiary Guarantee**" has the meaning specified in Section 2.14.

"**Designated Subsidiary Guarantor**" means any Designated Subsidiary which has provided a Designated Subsidiary Guarantee.

"**Dispose**" means, with respect to any Asset of any Person, any direct or indirect sale, lease (where such Person is the lessor of such Asset), assignment, transfer (including transfer of title or possession), exchange, conveyance, release or gift (including, in respect of each of the foregoing, by means of a Sale Leaseback Transaction); and "**Disposition**" has a correlative meaning thereto.

"**Documentary Credits**" means Fronted Documentary Credits and Non-Fronted Documentary Credits, and in the singular, any one of them.

"**Documentary Credit Lenders**" means, collectively and at any particular time but subject to Section 1.7, all 5 Year Lenders, including any 5 Year Lenders who are 5 Year Fronting Documentary Credit Lenders together, in each case, with their respective successors and permitted assigns, and in the singular, means any one of them.

"**Draft**" means, at any time:

(a) a bill of exchange, within the meaning of the *Bills of Exchange Act* (Canada), drawn by a Borrower on a Lender and bearing such distinguishing letters and numbers as the Lender may determine, but which at such time has not been completed as to the payee by the Lender; or

(b) a depository bill within the meaning of the *Depository Bills and Notes Act* (Canada).

"**Drawing**" means:

(a) the creation and purchase of Bankers' Acceptances by a Lender pursuant to Article 4; or

(b) the purchase of completed Drafts by a Lender pursuant to Article 4.

"**Drawing Date**" means any Business Day fixed for a Drawing pursuant to Section 4.3.

"**Drawing Fee**" means, with respect to each Bankers' Acceptance or Draft drawn by a Borrower and purchased by any Lender on any Drawing Date, an amount equal to the Applicable Margin under the applicable Credit Facility, multiplied by the product of:

(a) a fraction, the numerator of which is the number of days, inclusive of the first day and exclusive of the last day, in the term to maturity of such Bankers' Acceptance or Draft, and the denominator of which is 365; and

(b) the aggregate Face Amount of the Bankers' Acceptance or Draft.

"**Drawing Notice**" has the meaning specified in Section 4.3(a).

"**Drawing Price**" means, in respect of Bankers' Acceptances or Drafts to be purchased by one or more Lenders on any Drawing Date, the difference between:

(a) the result (rounded to the nearest whole cent, with one-half of one cent being rounded up) obtained by dividing the aggregate Face Amount of the Bankers' Acceptances or Drafts by the sum of one plus the product of (x) the Reference Discount Rate multiplied by (y) a fraction, the numerator of which is the number of days, inclusive of the first day and exclusive of the last day, in the term to maturity of the Bankers' Acceptances or Drafts and the denominator of which is 365; and

(b) the applicable aggregate Drawing Fee.

"**Effective Date**" means the date of this Credit Agreement.

"**Environmental Laws**" means all applicable laws, rules, regulations, by-laws, orders, judgments, decisions and awards relating to public health or the protection of the environment.

"**Equivalent Amount**" means, at any relevant time, on any day and with respect to any amount of any currency other than U.S. Dollars, the amount of U.S. Dollars which would be required to buy such amount of any other currency determined by using the quoted spot rate that the Administrative Agent (or, if the Administrative Agent does not provide such spot rate quotation, a quoted rate from another financial institution selected by the Administrative Agent) offers to provide U.S. Dollars in exchange for such other currency at such time.

"**Equivalent U.S. $ Amount**" means, at any relevant time, on any day and with respect to any amount of Canadian Dollars or Pounds Sterling, the amount of U.S. Dollars which would be required to buy such amount of Canadian Dollars or Pounds Sterling at the Bank of Canada noon rate quoted for the exchange of Canadian Dollars or Pounds Sterling into U.S. Dollars on such day (as quoted or published from time to time by the Bank of Canada).

"**Eurodollar Rate**" means, for each day in an Interest Period, the rate of interest per annum (which may not be less than zero) for deposits in U.S. Dollars determined by reference to the rate set by ICE Benchmark Administration (as set forth by any service selected by the Administrative Agent that has been nominated by ICE Benchmark Administration as an authorized information vendor for the purpose of displaying such rate which, as of the date hereof, is LIBOR 01 page of Reuters Limited) at approximately 11:00 a.m. (London time) two (2) London Business Days before the first day of such Interest Period; or if such Reuters screen page is not available, then the rate of interest per annum (which may not be less than zero) equal to the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum) of the rates per annum which leading banks in the London interbank market quote and offer to each Eurodollar Reference Lender for placing U.S. Dollar deposits with such Eurodollar Reference Lender, at approximately 11:00 a.m. (London time), two (2) London Business Days before the first day of such Interest Period, for a period comparable to such Interest Period and in an amount approximately equal to the amount of such Advance.

"**Eurodollar Rate Advance**" has the meaning specified in the definition of "Advance".

"**Eurodollar Reference Lenders**" means up to three Lenders under each Credit Facility as selected by the Administrative Agent from time to time with the consent of the Borrowers and the applicable Lenders.

"**Event of Default**" has the meaning specified in Section 9.1.

"**Excess**" has the meaning specified in Section 2.5.

"**Exchange Rate Determination Date**" means:

(a) if there are any Canadian Prime Rate Advances or Documentary Credits outstanding, the last Business Day of each calendar month; and

(b) if there are any Eurodollar Rate Advances outstanding, the Business Day immediately preceding the third last day of each Interest Period in respect of each outstanding Eurodollar Rate Advance.

"**Excluded Taxes**" has the meaning specified in Section 12.8(a).

"**Existing Credit Agreement**" means the amended and restated credit agreement dated as of November 29, 2013 between CPRC, CPR Securities, the Covenantor, a syndicate of financial institutions, as lenders and Royal Bank of Canada, as administrative agent.

"**Extending 1+1 Lender**" has the meaning specified in Section 2.8(b).

"**Extending 5 Year Lender**" has the meaning specified in Section 2.7(b).

"**Face Amount**" means:

(a) in respect of a BA Instrument, the amount payable to the holder on its maturity; and

(b) in respect of a Documentary Credit, the maximum amount which the Documentary Credit Lender is contingently liable to pay the Beneficiary.

"**FATCA**" means Sections 1471 through 1474 of the Internal Revenue Code of 1986 (United States) (the "**Code**"), as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future registrations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement entered into in connection with the implementation of the foregoing and any fiscal, regulatory, legislation, rules or practices adopted pursuant to any such intergovernmental agreement entered into in connection with Sections 1471 through 1474 of the Code.

"**Federal Funds Rate**" means, on any day, the weighted average of the annual rates of interest on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such day is not a Business Day, such weighted average for the immediately preceding Business Day for which the same is published or, if such rate is not so published for any day that is a Business Day, the average rate charged to the Administrative Agent on such day on such transactions as determined by the Administrative Agent.

"**Fees**" means the fees payable by the Borrowers or any of them pursuant to this Agreement.

"**Financial Covenant**" means the covenant in Section 8.3.

"**Financial Quarter**" means a period of three (3) consecutive months in each Financial Year of the Covenantor ending on March 31, June 30, September 30, and December 31, as the case may be, of such year.

"**Financial Year**" means in relation to the Covenantor, its financial year commencing on January 1 of each calendar year and ending on December 31 of the same calendar year.

"**Fixed Rate Advances**" has the meaning specified in the definition of "Advance".

"**Floating Rate Advances**" has the meaning specified in the definition of "Advance".

"**Fronted Documentary Credit**" means a letter of credit or bank letter of guarantee issued by a 5 Year Fronting Documentary Credit Lender under the 5 Year Facility for the account of a Borrower pursuant to Article 5 and in such form as the Lenders may from time to time approve, acting reasonably.

"**Funded Debt**" means, at any time, for the Covenantor, determined on a consolidated basis in accordance with GAAP, and subject to the next following sentence, the sum of, without duplication:

(a) long term Debt for Borrowed Money, including any current portion thereof and consolidated debenture stock;

(b) bank Debt for Borrowed Money;

(c) commercial paper for Borrowed Money;

(d) the value of leases which have been, in accordance with GAAP, recorded as Capitalized Lease Obligations; and

(e) the maximum amount which may be outstanding at any time of guarantees of Debt of the type referred to in items (a) to (d) of this definition of Funded Debt of any Person which is not otherwise reflected in the Covenantor's consolidated accounts.

There shall be excluded from the calculation of Funded Debt at any relevant time, any amount otherwise included in this definition of Funded Debt that is (x) an obligation in respect of preferred shares, (y) any obligation where the Covenantor or its applicable Subsidiary has the right, exercisable at its option and subject only to Permitted Conditions, to convert such obligation into capital stock of or to satisfy any retraction or redemption obligations in respect thereof by the issuance of capital stock of the Covenantor or a Subsidiary thereof and (z) Convertible Debt.

"**GAAP**" means, at any time, accounting principles generally accepted in the United States at the relevant time applied on a consistent basis (except for changes accepted by the Covenantor's independent auditors), provided that, if reference to "**GAAP**" is in respect of any financial statements which are prepared in accordance with generally accepted accounting principles of Canada, "**GAAP**" shall mean generally accepted accounting principles in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time, applied on a consistent basis (except for changes accepted by the Covenantor's independent auditors).

"**Government Acts**" has the meaning specified in Section 5.10.

"**Governmental Entity**" means:

(a) any multinational, federal, provincial, state, municipal, local or other government, governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign;

(b) any subdivision or authority of any of the foregoing; or

(c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

"**Guarantee**" means the guarantee of the Covenantor contained in Article 11 of this Agreement.

"**Guaranteed Obligations**" has the meaning specified in Section 11.1.

"**IFRS**" means International Financial Reporting Standards which are set by the International Accounting Standards Board (the "**IASB**"), the independent standard-setting body of the IFRS Foundation, and the International Financial Reporting Interpretations Committee, the interpretative body of the IASB but only to the extent the same are adopted as GAAP in the United States or Canada, as applicable.

"**Impermissible Qualification**" means, relative to the opinion or report of any independent auditors as to any financial statement of any Person, any qualification or exception to such opinion or report which:

(a) is of a "going concern" or similar nature;

(b) relates to any limited scope of examination of material matters relevant to such financial statement, if such limitation results from the refusal or failure of the Person to grant access to necessary information therefor; or

(c) relates to the treatment or classification of any item in such financial statement and which, as a condition to its removal, would require an adjustment to such item the effect of which could reasonably be expected to have a Material Adverse Effect.

"**Indemnified Person**" has the meaning specified in Section 12.6(a).

"**Information**" has the meaning specified in Section 12.5(b).

"**Intangible Assets**" means an amount equal to the aggregate of the following amounts in respect of a Person on a consolidated basis:

(a) the net book amount of all assets which would be treated as intangibles under GAAP; and

(b) prepaid pension costs.

"**Intercorporate Indebtedness**" has the meaning specified in Section 11.6.

"**Interest Period**" means, for each Eurodollar Rate Advance, a period commencing:

(a) in the case of the initial Interest Period for such Advance, on the date of such Advance; and

(b) in the case of any subsequent Interest Period for such Advance, on the last day of the immediately preceding Interest Period applicable thereto;

and ending, in either case, on the last day of such period as shall be selected by the applicable Borrower pursuant to the provisions below.

Except as provided in the next following sentences, the duration of each such Interest Period shall be 1, 2, 3, or 6 months as selected by such Borrower pursuant to Section 3.2 (or such shorter or longer period as agreed to by such Borrower and the Lenders, acting reasonably). No Interest Period may be selected which:

(i) would, in the reasonable opinion of the Administrative Agent, conflict with the repayment provisions set out in Article 2; or

(ii) would result in there being outstanding Eurodollar Rate Advances having more than five (5) maturity dates in the same month.

Whenever the last day of an Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the immediately preceding Business Day.

"**Interest Rate Election**" has the meaning specified in Section 3.3(b).

"**Issue**" means an issue of a Documentary Credit pursuant to Article 5.

"**Issue Date**" has the meaning specified in Section 5.2(a).

"**Issue Notice**" has the meaning specified in Section 5.2(a).

"**Judicial Order**" has the meaning specified in Section 5.11(a).

"**Laws**" means, all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, policies, voluntary restraints, guidelines, or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the Person referred to in the context in which such word is used; and "**Law**" means any one of the foregoing.

"**Lender's Commitment**" has the meaning specified in the definition of "Commitment".

"**Lender BA Suspension Notice**" has the meaning specified in Section 4.6(b).

"**Lender Distress Event**" means, in respect of a given Lender, such Lender or its Lender Parent: (a) is subject to a liquidation, merger, sale or other change of control, in each case, forced or supported in whole or in part by guarantees or other support (including the nationalization or assumption of ownership or operating control by the Government of the United States, Canada or any other governmental authority); or (b) is otherwise adjudicated as, or determined to be, insolvent or bankrupt, in each case, by any governmental authority having regulatory authority over such Lender or Lender Parent or their respective assets; provided that, for certainty, a Lender Distress Event shall not have occurred solely by virtue of the ownership or acquisition of any equity interest in such Lender or its Lender Parent by any governmental authority or the disposition thereof.

"**Lender Eurodollar Suspension Notice**" has the meaning specified in Section 3.4(c).

"**Lender Insolvency Event**" means, in respect of a Lender, such Lender or its Lender Parent:

(a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(b) becomes insolvent, is deemed insolvent by applicable Law or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;

(c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;

(d) (i) institutes, or has instituted against it by a regulator, supervisor or any similar governmental authority with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, (A) a proceeding pursuant to which such governmental authority takes control of such Lender's or Lender Parent's assets, (B) a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy, insolvency or winding-up law or other similar law affecting creditors' rights, or (C) a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar governmental authority; or

(ii) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy, insolvency or winding-up law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (i) above and either

(A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or

(B) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof;

(e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial portion of all of its assets;

(g) has a secured party take possession of all or a substantial portion of all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case, within fifteen (15) days thereafter;

(h) causes or is subject to any event with respect to it which, under the applicable law of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (g) above, inclusive; or

(i) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing.

"**Lender Parent**" means any Person that directly or indirectly controls a Lender and, for the purposes of this definition, "control" shall have the same meaning as set forth in the definition of "Affiliate" contained herein.

"**Lenders**" means, collectively, the financial institutions listed on the signature pages hereof as Lenders, and any Person which may become a Lender pursuant to Section 12.10, and their respective successors and permitted assigns, and, in the singular, any one of them and "**5 Year Lender**" means a Lender with a 5 Year Commitment and a "**1+1 Lender**" means a Lender with a 1+1 Commitment.

"**Lien**" means any mortgage, charge, pledge, hypothec, security interest, lien or other encumbrance of any kind but excludes Operating Leases, any contractual right of set-off created in the ordinary course of business and, subject to Section 9.1(g), any writ of execution, or other similar instrument, arising from a judgment relating to the non-payment of indebtedness.

"**London Business Day**" means a day on which dealings are carried on in the London interbank market in respect of transactions in U.S. Dollars.

"**Majority Lenders**" means, at any time before the Commitments have terminated, Lenders whose Lender's Commitments under each Credit Facility are at least 50.1% of the aggregate amount of the Lender's Commitments under such Credit Facility, in effect at such time or, after the Commitments have terminated, Lenders holding at least 50.1% of the Equivalent U.S. $ Amount of the aggregate Accommodations Outstanding under the Credit Facilities taken together.

"**Mandatory 5 Year Borrowing**" has the meaning specified in Section 3.1(c).

"**Material Adverse Effect**" means a material adverse effect on the ability of the Borrowers, the Covenantor and the Designated Subsidiary Guarantors taken as a whole to perform their payment obligations under any of the Credit Documents to which they are a party.

"**Maturity Date**" means, as applicable:

(a) the 5 Year Maturity Date; and

(b) the 1+1 Maturity Date.

"**Moody's**" means Moody's Investor Service, Inc., and its successors.

"**New Borrower**" has the meaning specified in Section 2.1(d).

"**New 5 Year Maturity Date**" has the meaning specified in Section 2.7(a).

"**New Term Out Date**" has the meaning specified in Section 2.8(a).

"**Non-Extending 1+1 Lender**" has the meaning specific in Section 2.8(b).

"**Non-Extending 5 Year Lender**" has the meaning specified in Section 2.7(b).

"**Non-Fronted Documentary Credit**" means a letter of credit or bank letter of guarantee issued by the Administrative Agent under the 5 Year Facility on behalf of each 5 Year Lender for the account of a Borrower pursuant to Article 5.

"**Non-Recourse Debt**" means, at any particular time and in respect of any Person, Debt incurred by the Person to finance all or part of the costs of acquisition, development, construction, exploitation, improvement or operation of any property or assets of the Person where at such particular time the recourse of the lender thereof or any agent, trustee, receiver or other Person acting on behalf of the lender in respect of such Debt or any judgment in respect thereof is limited in all circumstances to:

(a) the property or assets acquired, developed, constructed, exploited, improved or operated and in respect of which such Debt has been incurred;

(b) any and all facilities relating to such other property or assets and forming an integral and direct part of the same project, venture or other arrangement of which such property or assets forms an integral and direct part, whether or not such facilities are in whole or in part located (or from time to time located) at or on any such property; and

(c) the receivables, inventory, equipment, chattel payables, contracts, intangibles and other assets, rights or collateral directly connected with such property or assets and the proceeds thereof;

other than recourse (which shall be on an unsecured basis) against the other property or assets of the Person for a breach of representations and warranties or non-financial covenants made by such person in connection with such Debt to the extent such representations and warranties or non-financial covenants are customarily given in similar type financings.

"**Operating Leases**" means leases for which the obligations thereunder are not classified as Capitalized Lease Obligations under GAAP and which, at the relevant time, have a remaining term to maturity of more than one (1) year.

"**Original Currency**" has the meaning specified in Section 11.16(a) and Section 12.13(a), as applicable.

"**Other Currency**" has the meaning specified in Section 11.16(a) and Section 12.13(a), as applicable.

"**Participant**" has the meaning specified in Section 12.10(c).

"**Permitted Conditions**" means, with respect to any Person's right to convert any obligations into capital stock or to satisfy any retraction, repayment, repurchase or redemption obligations in respect thereof by the issuance of capital stock:

(a) any requirement for the expiry of any period of time before the right may be exercised (unless the Person may be required to repay, convert or satisfy such obligations prior to the expiry of such period of time); and

(b) with respect only to shares of any class which are traded on a recognized stock exchange issuable upon the exercise of such right, any requirement that such shares be listed, posted and freely tradeable on a recognized stock exchange, provided that (x) at the time such obligations are created or incurred and for such time as they remain outstanding, all issued and outstanding shares of such class are listed, posted and freely tradeable on a recognized stock exchange, and (y) such additional shares are (or upon issuance could reasonably be expected to be) so listed, posted and freely tradeable.

"**Permitted Dispositions**" means:

(a) Dispositions of Assets to the Covenantor, a Borrower or any Designated Subsidiary;

(b) Dispositions of Assets which are obsolete, redundant or of no material economic value;

(c) Dispositions of inventory in the ordinary course of business; and

(d) provided no Default or Event of Default has occurred and is continuing, Dispositions of Assets which would not reasonably be expected to have a Material Adverse Effect.

"**Permitted Liens**" means, in respect of any Person, any one or more of the following:

(a) any Lien given in the ordinary course of business in respect of Debt which is payable on demand or which matures by its terms on a date not more than twelve months after the date of the original creation thereof; or

(b) any Lien on any property, real or personal, acquired (including by way of lease), constructed or improved by the Person to secure the unpaid portion of the purchase price (or the lease payments, as the case may be), of such property or to secure Debt incurred solely for the purpose of financing the acquisition (including by way of lease), construction or improvement of such property; or

(c) Liens existing on property, real or personal, acquired by the Person after December 14, 2007, whether or not assumed by the Person; or

(d) Liens on rolling stock or other railway equipment of the Person given by it relative to or in connection with:

(i) the issue and sale of certificates, evidences of indebtedness or similar instruments issued by an equipment trust or similar special purpose vehicle;

(ii) Sale Leaseback Transactions; or

(iii) other asset-specific financings of such equipment where the principal amount of the financing provided to the Person does not exceed the fair market value of the equipment being financed at the time of the transaction together with the costs associated with such financing; or

(e) Liens existing on any of the assets or properties of the Person on December 14, 2007, including any of the outstanding perpetual 4 per cent consolidated debenture stock of CPRC, whether issued, pledged or vested in trust created thereby or outstanding thereon; or

(f) Liens existing on any of the assets or properties of another Person at the time when such Person enters into an amalgamation, merger, consolidation, arrangement or corporate reorganization with such other Person; or

(g) Liens on cash or marketable securities of the Person granted in favour of any exchange recognized for the purposes of the *Securities Act* (Alberta) pursuant to the normal requirements of such exchange; or

(h) Liens on property in favour of any country or any province or any state or any municipality or any utility or any court, or any department, agency or instrumentality thereof, to secure partial, progress, advance or other payments or the performance of any covenant or obligation to or in favour of such authority by such Person or any subsidiary thereof pursuant to the provisions of any contract, statute, regulation or order or in connection with surety or appeal bond or costs of litigation; or

(i) easements, rights of way, servitudes, licences or other similar rights in land including rights of way and servitudes for railways, sewers, drains, pipelines, gas and water mains, electric light, power, telephone, telegraph or cable television conduits, poles, wires and cable, other utilities and other similar purposes or planning, building, zoning, use and other restrictions; or

(j) reservations, limitations, provisos and conditions, if any, expressed in or affecting any grant of real or immovable property or any interest therein or the right reserved to or vested in any governmental or other public authority by the terms of any lease, licence, franchise, grant or permit or by any statutory provision to terminate the same or to require annual or other periodic payments or minimum work expenditures or commitments or minimum production amounts as a condition of the continuance of a lease or similar instrument; or

(k) defects or irregularities of title which are of a minor nature and will not in the aggregate impair in any material way the value or utility of the property subject thereto; or

(l) Liens incidental to construction or current operations including Liens created by workers' compensation, unemployment insurance and other social security legislation, or any mechanics', materialmens', construction, warehousemans', carriers', possessory or other similar Liens; or

(m) Liens arising by the terms of any statutory provision to secure the payment of taxes, levies or assessments in respect of such property; or

(n) Liens of any judgment rendered or claim filed against the owner of any property; or

(o) any Lien given, assumed or arising by operation of law to secure indebtedness incurred by the obligor to pay the whole or any part of the consideration for the acquisition of property or the improvement thereof where such indebtedness is incurred prior to, or at the time of, or within 360 days after, the acquisition of the property by the obligor, but only if the principal amount of such Lien:

(i) is not in excess of the cost to the obligor of such property; and

(ii) is secured only by such property and the proceeds thereof; and any Liens, not related to the borrowing of money, incurred or arising by operation of law or in the ordinary course of business or incidental to the ownership of property; or

(p) undetermined or inchoate liens, privileges, preferences and charges incidental to current operations which have not at such time been filed pursuant to law against such Person's property or assets or which relate to obligations not due or delinquent; or

(q) any Lien or any right of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease; or

(r) any order or direction against or affecting any property made by any government, governmental body or court under the provisions of any Law; or

(s) Liens in respect of Non-Recourse Debt; or

(t) any Lien with the prior written consent of the Majority Lenders; or

(u) any Lien arising pursuant to or in connection with a Bilateral LC Agreement; or

(v) an extension, renewal or replacement of any Lien permitted under paragraphs (a) to (u) and paragraph (w) hereof, provided that any such extension, renewal or replacement Lien will not secure repayment of an amount in excess of any principal amount of indebtedness outstanding with respect thereto immediately prior to such extension, renewal or replacement and that such

extension, renewal or replacement is limited to all or a part of the property which was subject to the Lien so extended, renewed or replaced; or

(w) Liens to the extent not already permitted by paragraphs (a) to (v) above, provided that Liens shall not be permitted under this paragraph (w) if the effect thereof would be to cause the total amount of Debt for Borrowed Money of the Covenantor, the Borrowers and the Designated Subsidiaries secured by Liens permitted under this paragraph (w) to exceed 15% of Consolidated Equity.

"**Person**" means a natural person, partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns that have a similarly extended meaning.

"**Pounds Sterling**" means lawful money of the United Kingdom.

"**Reference Discount Rate**" means, for any Drawing Date, in respect of any Bankers' Acceptances or Drafts to be purchased pursuant to Article 4 by:

(a) a Lender which is a *Bank Act* (Canada) Schedule I bank, the applicable CDOR Rate; or

(b) by any other Lender, the lesser of (y) the arithmetic average of the discount rates (calculated on an annual basis and rounded to the nearest one-hundredth of 1%, with five-thousandths of 1% being rounded up) quoted by each BA Reference Lender at approximately 10:00 a.m. (Toronto time) as the discount rate at which the BA Reference Lender would purchase, on the relevant Drawing Date, its own Bankers' Acceptances or Drafts having an aggregate Face Amount equal to and with a term to maturity equal or comparable to the Bankers' Acceptances or Drafts to be acquired pursuant to item (a), and (z) the sum of (A) the applicable CDOR Rate plus (B) 0.10%.

"**Related Parties**" means, with respect to any Person, such Person's Affiliates and the directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

"**Relevant Debt**" has the meaning specified in Section 9.1(f).

"**Request for Extension**" means a request substantially in the form of Schedule 12 requesting an extension of the 5 Year Maturity Date pursuant to Section 2.7 or the Term Out Date pursuant to Section 2.8.

"**Requested 1+1 Lender**" has the meaning specified in Section 2.8(a).

"**Requested 5 Year Lender**" has the meaning specified in Section 2.7(a).

"**Required Rating**" has the meaning specified in Section 2.15(f).

"**Revolving Period**" means, for a 1+1 Lender, the initial period from the Effective Date until the first Term Out Date of such 1+1 Lender and, thereafter, each successive period ending on the Term Out Date of such 1+1 Lender as extended from time to time pursuant to Section 2.8.

"**S&P**" means Standard and Poor's Rating Services, a division of the McGraw-Hill Companies Inc., and its successors.

"**Sale Leaseback Transaction**" means, with respect to any Person, any direct or indirect arrangement entered into after December 14, 2007 pursuant to which such Person transfers or causes the transfer of

any Assets to another Person and leases such Assets back from such Person as a Capitalized Lease Obligation or pursuant to an Operating Lease.

"**Subsidiary**" or "**subsidiary**" has the meaning specified in the *Canada Business Corporations Act* on the Effective Date.

"**Subsidiary Debt**" means any Funded Debt which is owed by a Designated Subsidiary (other than a Designated Subsidiary Guarantor) to any Person other than the Covenantor, a Borrower or another Designated Subsidiary and other than Funded Debt which is secured by a Permitted Lien.

"**Swingline Advances**" means Advances made to a Borrower by the 5 Year Swingline Lender pursuant to Article 3.

"**Swingline Commitment**" means U.S. $50,000,000 and, for greater certainty, the Swingline Commitment forms part of the Commitment under the 5 Year Facility.

"**Takeover**" has the meaning specified in Section 6.5(a).

"**Tax Benefit**" has the meaning specified in Section 12.8(b).

"**Taxes**" has the meaning specified in Section 12.8(a).

"**Term Out Date**" means, in respect of each 1+1 Lender, September 25, 2015 subject to extension as provided for in Section 2.8.

"**Term Period**" means, for a 1+1 Lender, the period commencing on the Term Out Date of such 1+1 Lender and ending on the 1+1 Maturity Date of such 1+1 Lender.

"**Total Capitalization**" means, at any time, the aggregate of Consolidated Equity and the principal amount of Funded Debt at the time outstanding.

"**Type**" has the meaning specified in the definitions of "Accommodation" and "Advance" in relation to Accommodations and Advances, respectively.

"**U.S. Dollar Advances**" has the meaning specified in the definition of "Advance".

"**U.S. Dollars**" and "**U.S. $**" means lawful money of the United States of America.

1.2 Interpretation not Affected by Headings, etc.

The provisions of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement.

1.3 Currency

All references in the Credit Documents to dollars, unless otherwise specifically indicated, are expressed in Canadian Dollars.

1.4 Terms Generally

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". In any Credit Document the phrase "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of". In the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise:

(a) any definition of or reference to any agreement, instrument or other document herein (including this Agreement) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated or otherwise modified (subject to any restrictions on such amendments, supplements, restatements or modifications set forth herein);

(b) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns;

(c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof;

(d) unless otherwise expressly stated, all references to Articles, Sections and Schedules shall be construed to refer to Articles and Sections of, and Schedules to this Agreement;

(e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time; and

(f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

1.5 Generally Accepted Accounting Principles and Changes Thereto

(a) All financial statements required to be furnished by the Covenantor or a Borrower to the Administrative Agent hereunder shall be prepared in accordance with Generally Accepted Accounting Principles. Each accounting term used in this Agreement, unless otherwise defined herein, has the meaning assigned to it under applicable Generally Accepted Accounting Principles and, except as otherwise provided herein, reference to any financial statement item means such item as computed from the applicable financial statement prepared in accordance with applicable Generally Accepted Accounting Principles.

(b) If the Covenantor, the Administrative Agent or the Majority Lenders determine at any time that any amount required to be determined hereunder would be materially different if such amount were determined in accordance with:

(i) Generally Accepted Accounting Principles applied by the Covenantor or a Borrower in respect of its financial statements on the date hereof ("**Old GAAP**"), rather than

(ii) Generally Accepted Accounting Principles subsequently in effect in the United States or Canada, as applicable, and applied by the Covenantor or a Borrower in respect of its financial statements (including the adoption of IFRS) and utilized for purposes of determining such amount,

then written notice of such determination shall be delivered by the Borrowers to the Administrative Agent, in the case of a determination by the Covenantor, or by the Administrative Agent to the Borrowers, in the case of a determination by the Administrative Agent or the Majority Lenders.

(c) If the Covenantor or a Borrower adopts a change in an accounting policy in the preparation of its financial statements in order to conform to accounting recommendations, guidelines, or similar pronouncements, or legislative requirements, and such change would require disclosure thereof under Old GAAP, or could reasonably be expected to adversely affect (i) the rights of, or the protections afforded to, the Administrative Agent or the Lenders hereunder or (ii) the position of the Covenantor or the applicable Borrower or of the Administrative Agent or the Lenders hereunder, the Borrowers shall so notify the Administrative Agent, describing the nature of the change and its effect on the current and immediately prior year's financial statements in accordance with Old GAAP and in detail sufficient for the Administrative Agent and the Lenders to make the determination required of them in the following sentence. If any of the Covenantor, the Administrative Agent or the Majority Lenders determine at any time that such change in accounting policy results in an adverse change either (A) in the rights of, or protections afforded to, the Administrative Agent or the Lenders intended to be derived, or provided for, hereunder or (B) in the position of the Covenantor or the applicable Borrower or of the Administrative Agent and the Lenders hereunder, written notice of such determination shall be delivered by the Borrowers to the Administrative Agent, in the case of a determination by the Borrowers, or by the Administrative Agent to the Borrowers, in the case of a determination by the Administrative Agent or the Majority Lenders.

(d) Upon the delivery of a written notice pursuant to either Section 1.5(b) or 1.5(c), the Covenantor and the Administrative Agent on behalf of the Lenders shall meet to consider the impact of such change in Old GAAP or such change in accounting policy (in each case, an "**Accounting Change**"), as the case may be, on the rights of, or protections afforded to, the Administrative Agent and the Lenders or on the position of the Covenantor or the applicable Borrower or of the Administrative Agent and the Lenders and shall in good faith negotiate to execute and deliver an amendment or amendments to this Agreement in order to preserve and protect the intended rights of, or protections afforded to, the Administrative Agent and the Lenders on the date hereof or the position of the Covenantor or the applicable Borrower or the Administrative Agent and the Lenders (as the case may be); provided that, until this Agreement has been amended in accordance with the foregoing, then for all purposes hereof, the Accounting Change shall be disregarded hereunder and any amount required to be determined hereunder shall, nevertheless, continue to be determined under Old GAAP and the Covenantor or the applicable Borrower's prior accounting policy, as applicable. For the purposes of this Section 1.5, the Covenantor and the Borrowers, the Lenders and the Administrative Agent acknowledge that the amendment or amendments to this Agreement are to provide substantially the same rights and protection to the Covenantor, the Borrowers, the Administrative Agent and the Lenders as is intended by this Agreement on the date hereof. If the Covenantor and the Administrative Agent on behalf of the Majority Lenders do not mutually agree on such amendment or amendments to this Agreement within sixty (60) days (or such longer period as may be acceptable to the Administrative Agent, acting reasonably) following the date of delivery of such written notice, the Covenantor or the applicable Borrower shall continue to either provide financial statements in accordance with Old

GAAP or such financial information as the Administrative Agent on behalf of the Majority Lenders may reasonably require in order for any amount required to be determined hereunder to be determined in accordance with Old GAAP and the Covenantor or the applicable Borrower's prior accounting policy and, for all purposes hereof, the applicable changes from Old GAAP or in accounting policy (as the case may be) shall be disregarded hereunder and any amount required to be determined hereunder shall, nevertheless, continue to be determined under Old GAAP and the Covenantor or the applicable Borrower's prior accounting policy, as applicable.

(e) If a Compliance Certificate is delivered in respect of a Financial Quarter or Financial Year in which an Accounting Change is implemented without giving effect to any revised method of calculating the Financial Covenant, and subsequently, as provided above, the method of calculating the Financial Covenant is revised in response to such Accounting Change, or the amounts to be determined pursuant to the Financial Covenant are to be determined without giving effect to such Accounting Change, the Covenantor shall deliver a revised Compliance Certificate. Any Event of Default arising as a result of the Accounting Change and which is cured by this Section 1.5(e) shall be deemed to be of no effect *ab initio*.

1.6 Non-Business Days

Subject as otherwise provided in this Agreement, whenever any payment is stated to be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall be included in the computation of interest or fees, as the case may be.

1.7 Rateable Portion of Accommodations

Subject as otherwise provided in this Agreement including, for certainty, the immediately following paragraph, references in this Agreement to a Lender's rateable portion of Advances, Drawings and Issues or rateable share of payments of principal, interest, Fees or any other amount, shall mean and refer to a rateable portion or share as nearly as may be rateable in the circumstances, as determined in good faith by the Administrative Agent based on the ratio of the applicable Lender's Commitment under the applicable Credit Facility to the Commitment under such Credit Facility or the ratio of Accommodations Outstanding under the applicable Credit Facility from a Lender to total Accommodations Outstanding under such Credit Facility, respectively; provided that if at any time there are Lenders with different 5 Year Maturity Dates, all Lenders will share in 5 Year Accommodations on a pro rata basis except to the extent the particular 5 Year Accommodation requested has a maturity date after the 5 Year Maturity Date of a Lender, in which case only those 5 Year Lenders with a 5 Year Maturity Date later than the maturity date of the requested 5 Year Accommodation will be required to participate in providing such 5 Year Accommodation and the Borrowers may request a similar 5 Year Accommodation to the extent permitted hereunder from the other Lenders with a maturity date occurring on or before the 5 Year Maturity Date of such Lenders. Each such determination by the Administrative Agent shall be prima facie evidence of such rateable portion or share.

1.8 Incorporation of Schedules

The Schedules attached to this Agreement shall, for all purposes of this Agreement, form an integral part of it.

ARTICLE 2
CREDIT FACILITIES

2.1 Availability

(a) Each Lender under each Credit Facility in which such Lender has a Lender Commitment, severally agrees, in accordance with the terms and conditions of this Agreement, to make available to the Borrowers its rateable portion of Accommodations (other than Fronted Documentary Credits and Swingline Advances) under each such Credit Facility up to the amount of its Lender's Commitment under each such Credit Facility. Each 5 Year Fronting Documentary Credit Lender severally agrees, on the terms and conditions of this Agreement, to make Fronted Documentary Credits available to the Borrowers up to the amount of its 5 Year Fronting Documentary Credit Commitment, subject to the 5 Year Documentary Credit Commitment. Each 5 Year Lender severally agrees, in accordance with the terms and conditions of this Agreement, to make 5 Year Accommodations available to the Borrowers by way of issuance of Non-Fronted Documentary Credits by the Administrative Agent, as attorney for the 5 Year Lenders up to the amount of the 5 Year Documentary Credit Commitment after taking into account the Equivalent U.S. $ Amount of all then outstanding Fronted Documentary Credits. The 5 Year Swingline Lender agrees, in accordance with the terms and conditions of this Agreement, to make Swingline Advances available to the Borrowers up to the amount of the Swingline Commitment.

(b) Accommodations shall be made available as:

(i) Advances pursuant to Article 3 under each Credit Facility;

(ii) Bankers' Acceptances or Drafts pursuant to Article 4 under each Credit Facility; and

(iii) Documentary Credits pursuant to Article 5 under the 5 Year Facility only,

(c) The Administrative Agent shall give each applicable Lender prompt notice of any:

(i) Accommodation Notice received from a Borrower and of each applicable Lender's rateable portion of any Accommodation; and

(ii) other applicable notices received by it from a Borrower or the Covenantor under the Agreement.

(d) The Covenantor shall be entitled from time to time and provided no Default or Event of Default has occurred and is continuing to designate a wholly-owned Subsidiary which is domiciled in Canada and is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada) (a "**New Borrower**") of the Covenantor to become a Borrower hereunder by providing a written notice thereof to the Administrative Agent and the Lenders together with:

(i) an agreement in writing made by such New Borrower in favour of the Administrative Agent and the Lenders agreeing to be bound, as a Borrower, by this Agreement and the other Credit Documents to which each Borrower is a party and certifying that the representations and warranties made in Section 7.1 are true and correct in respect of the New Borrower;

(ii) written confirmation from the Covenantor that its obligations under its Guarantee of the obligations of the Borrowers hereunder extends to the obligations of the New Borrower hereunder and under the other Credit Documents to which it is a party;

(iii) written confirmation from the other Borrowers that their joint and several liability for the obligations of each other and the New Borrower continues unaffected and extends to the obligations of the New Borrower hereunder and under the other Credit Documents to which it is a party; and

(iv) such customary legal opinions and evidence of corporate existence and due authorization together with such other matters delivered in respect of the existing Borrowers under Section 6.1 as the Administrative Agent may reasonably require.

The Covenantor may, by written notice to the Administrative Agent and the Lenders, revoke the designation of any Borrower, other than CPRC, as a Borrower provided no Default or Event of Default will exist after giving effect to such revocation and, concurrently with such revocation, all amounts owing by such Borrower to the Administrative Agent hereunder, including all Accommodations Outstanding obtained by such Borrower, are repaid in full.

2.2 Commitment Limits

(a) The Accommodations Outstanding:

(i) from all Lenders under a Credit Facility shall not at any time exceed the Commitment of the Lenders under such Credit Facility;

(ii) from each Lender under a Credit Facility shall not at any time exceed such Lender's Commitment under such Credit Facility;

(iii) under the 5 Year Facility and consisting of Documentary Credits from all 5 Year Lenders shall not at any time exceed the 5 Year Documentary Credit Commitment;

(iv) under the 5 Year Facility and consisting of Fronted Documentary Credits from each 5 Year Fronting Documentary Credit Lender shall not at any time exceed such 5 Year Lender's 5 Year Fronting Documentary Credit Commitment; and

(v) from the 5 Year Swingline Lender shall not at any time exceed the Swingline Commitment.

(b) The 5 Year Facility is a revolving credit facility and prior to the 5 Year Maturity Date of each 5 Year Lender, the Borrower may increase or decrease Accommodations Outstanding under the 5 Year Facility from each such Lender by obtaining Accommodations under the 5 Year Facility and by making repayments in respect thereof.

(c) The 1+1 Facility is a revolving credit facility during the Revolving Period of each 1+1 Lender and during such Revolving Period the Borrower may increase or decrease Accommodations Outstanding under the 1+1 Facility from each such Lender by obtaining Accommodations under the 1+1 Facility and by making repayments in respect thereof. On the Term Out Date of a 1+1 Lender, the unutilized 1+1 Commitment of such 1+1 Lender shall be terminated and permanently cancelled and the 1+1 Commitment of such 1+1 Lender shall be reduced to the Equivalent Amount in U.S. Dollars of all Accommodations Outstanding under the 1+1 Facility then

outstanding to such 1+1 Lender. Thereafter, the 1+1 Facility with respect to such 1+1 Lender will not be a revolving facility and the Borrower may only effect conversions and rollovers in respect of its Accommodations Outstanding under the 1+1 Facility from such 1+1 Lender. During the Term Period of a 1+1 Lender, any Accommodations Outstanding under the 1+1 Facility of such 1+1 Lender repaid or prepaid (except upon a conversion or rollover) shall effect a permanent reduction of its 1+1 Commitment.

(d) The Covenantor may at any time and from time to time in respect of either Credit Facility or both Credit Facilities add additional financial institutions hereunder as Lenders or, with the consent of the applicable Lender, increase the Lender's Commitment of a Lender under a Credit Facility and thereby increase the total Commitment under a Credit Facility, provided that at the time of any such addition:

(i) no Default or Event of Default has occurred and is continuing;

(ii) the aggregate total Commitment under the Credit Facilities does not increase by more than U.S. $500,000,000 and the increase under each applicable Credit Facility is at least U.S. $25,000,000 and in multiples of U.S. $5,000,000 thereafter;

(iii) the Administrative Agent and, in the case of the 5 Year Facility only, the 5 Year Swingline Lender and each 5 Year Fronting Documentary Credit Lender, has consented either to such financial institution becoming a Lender or, if it is already a Lender, to the increase in its Lender's Commitment under the applicable Credit Facility, such consent not to be unreasonably withheld or delayed;

(iv) concurrently with the addition of a financial institution as an additional Lender under a Credit Facility or the increase of the Lender's Commitment of a Lender under a Credit Facility, such financial institution or Lender, as the case may be, shall purchase from each Lender under such Credit Facility such portion of the Accommodations Outstanding of each Lender under the applicable Credit Facility as is necessary to ensure that all Accommodations Outstanding of all Lenders under the applicable Credit Facility, and including therein such additional financial institution, are in accordance with the rateable share of all such Lenders under the applicable Credit Facility (including the new financial institution) and such financial institution shall execute such documentation as is required by the Administrative Agent, acting reasonably, to novate such financial institution as a Lender hereunder;

(v) the Covenantor and each Designated Subsidiary which has provided a Designated Subsidiary Guarantee, as applicable, has ratified and confirmed the Guarantee and the applicable Designated Subsidiary Guarantee, respectively, in respect of the Credit Facility as so increased; and

(vi) the Covenantor has provided to the Administrative Agent a certified copy of a directors' resolution of the Covenantor and each Borrower authorizing any such increase in the Commitment (which may be the original directors' resolution authorizing the Credit Facilities) together with such other documents and legal opinions with respect thereto in substantially the same form as the documents and legal opinion in respect of the Covenantor and Borrowers delivered in connection with the initial closing of the Credit Facilities.

2.3 Use of Proceeds

The Borrowers shall use the proceeds of Accommodations for general corporate purposes.

2.4 Mandatory Repayments and Reductions of Commitments

(a) The Borrowers shall repay (subject as otherwise provided in this Agreement) their respective Accommodations Outstanding to each Lender under each Credit Facility (and the Lender's Commitment under each Credit Facility of such Lender shall be permanently cancelled) on the Maturity Date of such Lender under each such Credit Facility, together with all accrued interest and Fees and all other amounts payable to such Lender in connection with each such Credit Facility. On each applicable Maturity Date under the 5 Year Facility:

(i) unless otherwise agreed to by the Administrative Agent, the applicable Borrower shall either deliver to the Administrative Agent (or cause to be delivered to the Administrative Agent) the original of each Non-Fronted Documentary Credit issued by the Administrative Agent as attorney-in-fact for and on behalf of each 5 Year Lender whose Maturity Date under the 5 Year Facility has occurred or comply fully with Section 5.11 in respect thereof; and

(ii) unless otherwise agreed to by the applicable 5 Year Fronting Documentary Credit Lender, the applicable Borrower shall either deliver to such 5 Year Fronting Documentary Credit Lender (or cause to be delivered to such 5 Year Fronting Documentary Credit Lender) the original of each Fronted Documentary Credit issued by such 5 Year Fronting Documentary Credit Lender or comply fully with Section 5.11 in respect thereof with respect to each 5 Year Lender whose Maturity Date under the 5 Year Facility has occurred.

(b) Notwithstanding the Guarantee or any Designated Subsidiary Guarantee but without in any way limiting the Guarantee or any Designated Subsidiary Guarantee, each Borrower agrees that it shall be liable, on a joint and several basis, with each other Borrower for the Accommodations Outstanding and all interest, Fees and other amounts payable by each Borrower to each Lender in connection with the Credit Facilities without any further action or demand being required by the Administrative Agent or the Lenders to give effect to such joint and several liability and regardless of any dealings between the applicable Borrower and the Lenders and the Administrative Agent hereunder or under the other Credit Documents.

2.5 Adjustment for Currency Fluctuations

If the Administrative Agent notifies the Borrowers no later than 4:00 p.m. (Toronto time) on the applicable Exchange Rate Determination Date that solely by reason of fluctuations in currency valuation, the Accommodations Outstanding under a Credit Facility exceed 105% of the Commitment under such Credit Facility on any Exchange Rate Determination Date (the amount by which such Accommodations Outstanding exceed 100% of the Commitment under such Credit Facility on such date being the "**Excess**"), one or more of the Borrowers shall no later than the third Business Day thereafter:

(a) make an adjusting payment by repaying Floating Rate Advances outstanding under such Credit Facility in an amount equal to such Excess; or

(b) if there are no Floating Rate Advances outstanding under such Credit Facility in an amount equal to or greater than such Excess, make an adjusting payment by either:

(i) repaying Fixed Rate Advances and Drawings under such Credit Facility, as determined by the applicable Borrower; or

(ii) providing the Administrative Agent with cash or Cash Equivalents as collateral;

in either case in an amount equal to the amount by which the Excess exceeds the amount of such Floating Rate Advances.

2.6 Optional Reductions of Commitments or Prepayments

The Borrowers may, subject to the provisions of this Agreement, without penalty, reduce the Commitment under a Credit Facility, in whole or in part, upon the number of Business Days' notice to the Administrative Agent specified in Schedule 6 by an irrevocable notice to the Administrative Agent stating the proposed date and aggregate principal amount of the reduction. In such case, the Borrowers shall pay to the Lenders in accordance with such notice the amount, if any, by which the Accommodations Outstanding under the applicable Credit Facility exceed the proposed reduced Commitment under such Credit Facility, which prepayment shall be effected, in the case of outstanding BA Instruments or Documentary Credits, by cash collateralizing them in accordance with the Agent's normal practices in that regard, and, in the case of Eurodollar Rate Advances, such prepayment shall be subject to the indemnity provisions in Section 12.6(c). Each partial reduction of the Commitment under a Credit Facility shall be in an aggregate amount of U.S. $25,000,000 and, in the case of reductions in excess thereof, in integral multiples of U.S. $5,000,000.

2.7 Extension of 5 Year Facility

(a) The Borrowers may, from time to time, request an extension from each Lender (including any then 5 Year Non-Extending Lender) (each, a "**Requested 5 Year Lender**") of the then current 5 Year Maturity Date of each such Requested 5 Year Lender (each, a "**Current 5 Year Maturity Date**" and the requested 5 Year Maturity Date being the "**New 5 Year Maturity Date**") by sending to the Administrative Agent at the Administrative Agent's Branch of Account a Request for Extension no more than once in each fiscal year and the Administrative Agent shall forthwith notify the Requested 5 Year Lenders of such request. Any such request must provide that the New 5 Year Maturity Date of all Requested 5 Year Lenders be the same and that the New 5 Year Maturity Date not exceed five years (or such longer term as may be acceptable to all of the Extending 5 Year Lenders) from the 5 Year Extension Date. Each Requested 5 Year Lender shall advise the Administrative Agent as to whether it agrees with such request within thirty (30) days of being so notified and the Administrative Agent shall forthwith (and, in any event, within two (2) Business Days) advise the Borrowers of the Requested 5 Year Lenders that have agreed to extend the Current 5 Year Maturity Date (such date being the "**5 Year Extension Date**"), provided that in the event such Requested 5 Year Lender does not so advise the Administrative Agent within such thirty (30) day period, such Requested 5 Year Lender shall be deemed to have advised the Administrative Agent that it does not agree with such request.

(b) Subject to Section 2.7(c), if a Requested 5 Year Lender does not agree to extend the Current 5 Year Maturity Date applicable to it (such Lender being a "**Non-Extending 5 Year Lender**" and any Requested 5 Year Lender agreeing to extend the Current 5 Year Maturity Date applicable to it being an "**Extending 5 Year Lender**") the Borrowers may, but are not obligated, to:

(i) so long as there exists no Event of Default and subject to Section 12.6(c), repay all Accommodations Outstanding and other amounts owing hereunder to any Non-Extending 5 Year Lender under the 5 Year Facility at any time prior to the Current 5 Year Maturity Date of such Non-Extending 5 Year Lender and upon such payment any Non-Extending 5 Year Lender shall cease to be a 5 Year Lender and its Lender's 5 Year Commitment shall be terminated and the 5 Year Commitment reduced accordingly; or

(ii) arrange for a replacement lender (which may be one of the 5 Year Lenders) to replace each Non-Extending 5 Year Lender's Accommodations Outstanding and its Lender Commitment under the 5 Year Facility; provided that any such replacement lender shall have been approved by the Administrative Agent (but only if it is not an existing 5 Year Lender) and by each applicable 5 Year Fronting Documentary Credit Lender and the 5 Year Swingline Lender (including if it is an existing 5 Year Lender) (such approvals not to be unreasonably withheld or delayed) and shall be novated into the Credit Documents in the place and stead of the Non-Extending 5 Year Lender by execution of all necessary documentation at any time prior to the Current 5 Year Maturity Date of such Non-Extending 5 Year Lender and in respect of which the 5 Year Lenders shall do all things and make all such adjustments as are reasonably necessary to give effect to any such replacement.

(c) The Current 5 Year Maturity Date shall not be extended in accordance with Section 2.7(a) if Requested 5 Year Lenders holding more than fifty percent (50%) of the 5 Year Commitments of all Requested 5 Year Lenders do not agree or are deemed not to agree to extend the Current 5 Year Maturity Date pursuant to any Request for Extension. In any such case, the Current 5 Year Maturity Date of each Requested 5 Year Lender shall not be extended, provided, however, the Borrowers shall be entitled to request further extensions of the 5 Year Maturity Date as provided for in Section 2.7(a), including, for certainty, from 5 Year Lenders which have previously refused or were deemed to have refused an extension.

(d) If all Requested 5 Year Lenders agree to extend the Current 5 Year Maturity Date pursuant to a Request for Extension then the Current 5 Year Maturity Date shall, effective on the 5 Year Extension Date, be extended to the New 5 Year Maturity Date.

(e) If, with respect to any 5 Year Request for Extension, the provisions of Section 2.7(c) or 2.7(d) are not applicable and there are Non-Extending 5 Year Lenders under Section 2.7(b), then:

(i) the Current 5 Year Maturity Date for the Extending 5 Year Lenders shall, effective on the 5 Year Extension Date, be extended as provided for in the 5 Year Request for Extension; and

(ii) for those Non-Extending 5 Year Lenders, the Current 5 Year Maturity Date of all such 5 Year Lenders shall not be extended.

(f) The Borrowers understand that consideration of any Request for Extension constitutes an independent credit decision which each Requested 5 Year Lender retains the absolute and unfettered discretion to make and that no commitment in this regard is hereby given by any Requested 5 Year Lender.

(g) The extension of the Current 5 Year Maturity Date in respect of any Requested 5 Year Lender is subject to the conditions precedent that:

(i) the representations and warranties contained in Article 7 are true and correct as if they were made on the date of the request made by the Borrowers pursuant to Section 2.7(a), and each extension of the Current 5 Year Maturity Date shall be deemed to constitute a representation and warranty that on such date such representations and warranties are true and correct except as the Borrowers have previously disclosed to the Requested 5 Year Lenders in writing; and

(ii) no Default or Event of Default has occurred and is continuing.

(h) The extension of the Current 5 Year Maturity Date of any 5 Year Lender that is the 5 Year Swingline Lender shall automatically extend the Current 5 Year Maturity Date in respect of the 5 Year Swingline Commitment of such 5 Year Lender. The extension of the Current 5 Year Maturity Date in respect of any Lender that is a 5 Year Fronting Documentary Credit Lender shall automatically extend the Current 5 Year Maturity Date in respect of the 5 Year Fronting Documentary Credit Commitment of such 5 Year Lender.

2.8 Extension of 1+1 Facility

(a) The Borrowers may, once in each Revolving Period and not less than 45 days prior to the then current Term Out Date, request an extension of the Term Out Date (each, a "**Current Term Out Date**") from each 1+1 Lender which has not yet refused to extend the Term Out Date (or been deemed to have refused to extend the Term Out Date) pursuant to any prior Request for Extension (each, a "**Requested 1+1 Lender**") by sending to the Administrative Agent a Request for Extension requesting an extension of the Current Term Out Date for a further period of 364 days from the date the Borrowers accept the offer to extend the Current Term Out Date as described in this Section 2.8 (such requested date hereby called the "**New Term Out Date**") and the Administrative Agent shall forthwith, and in any event within two (2) Business Days, notify each Requested 1+1 Lender of such request. Each Requested 1+1 Lender shall advise the Administrative Agent as to whether it agrees to the Request for Extension within thirty (30) days of the delivery by the Borrower to the Administrative Agent of the Request for Extension, provided that in the event such Requested 1+1 Lender does not so advise the Administrative Agent within such thirty (30) day period, such Requested 1+1 Lender shall be deemed to have advised the Administrative Agent that it is not prepared to agree to the Request for Extension. Within two (2) Business Days of the Administrative Agent having received from all Requested 1+1 Lenders their decision or deemed decision with regard to the Request for Extension (the "**1+1 Decision Date**"), the Administrative Agent shall, unless the provisions of Section 2.8(c) or Section 2.8(g) are applicable at that time, advise the Borrower of the Requested 1+1 Lenders that have agreed to extend the Current Term Out Date to the New Term Out Date pursuant to the Request for Extension and shall provide the Borrower with an offer to extend the Current Term Out Date which the Borrower, subject to Section 2.8(g), shall be entitled to accept up to and including the last Business Day preceding the then Current Term Out Date by written notice to the Administrative Agent of such acceptance.

(b) Subject to Section 2.8(c), if a Requested 1+1 Lender does not agree to extend the Current Term Out Date (such Lender being a "**Non-Extending 1+1 Lender**" and any Requested 1+1 Lender agreeing to extend the Current Term Out Date being an "**Extending 1+1 Lender**") the Borrowers may, but are not obligated, to:

(i) so long as there exists no Event of Default and subject to Section 12.6(c), repay all Accommodations Outstanding and other amounts owing hereunder to any Non-Extending 1+1 Lender under the 1+1 Facility at any time prior to the Current Term Out Date and

upon such payment any Non-Extending 1+1 Lender shall cease to be a 1+1 Lender and its Lender's 1+1 Commitment shall be terminated and the 1+1 Commitment reduced accordingly; or

(ii) arrange for a replacement lender (which may be one of the 1+1 Lenders) to replace each Non-Extending 1+1 Lender's Accommodations Outstanding and its Lender Commitment under the 1+1 Facility; provided that any such replacement lender (if it is not a 1+1 Lender) shall have been approved by the Administrative Agent (such approval not to be unreasonably withheld or delayed) and shall be novated into the Credit Documents in the place and stead of the Non-Extending 1+1 Lender by execution of all necessary documentation at any time prior to the Current Term Out Date and in respect of which the 1+1 Lenders shall do all things and make all such adjustments as are reasonably necessary to give effect to any such replacement.

(c) The Current Term Out Date shall not be extended in accordance with Section 2.8(a) if Requested 1+1 Lenders holding more than fifty percent (50%) of the 1+1 Commitments of all Requested 1+1 Lenders do not agree or are deemed not to agree to extend the Current Term Out Date pursuant to any Request for Extension. In any such case, the Current Term Out Date of each Requested 1+1 Lender shall not be extended.

(d) If all Requested 1+1 Lenders agree to extend the Current Term Out Date pursuant to a Request for Extension, then the Current Term Out Date shall be extended to the New Term Out Date upon acceptance by the Borrowers of the offer made to the Agent on behalf of the Extending 1+1 Lenders to extend the Current Term Out Date.

(e) If, with respect to any Request for Extension, the provisions of Section 2.8(c) or 2.8(d) are not applicable and there are Non-Extending 1+1 Lenders under Section 2.8(b), then:

(i) the Current Term Out Date for the Extending 1+1 Lenders shall be extended as provided for in the Request for Extension upon acceptance by the Borrowers of the offer made to the Agent on behalf of the Extending 1+1 Lenders to extend the Current Term Out Date; and

(ii) for those Non-Extending 1+1 Lenders, the Current Term Out Date of all such 1+1 Lenders shall not be extended and the Term Period of each such 1+1 Lender shall commence.

(f) The Borrowers understand that consideration of any Request for Extension constitutes an independent credit decision which each Requested 1+1 Lender retains the absolute and unfettered discretion to make and that no commitment in this regard is hereby given by any Requested 1+1 Lender.

(g) The extension of the Current Term Out Date in respect of any Requested 1+1 Lender is subject to the conditions precedent that:

(i) the representations and warranties contained in Article 7 are true and correct as if they were made on the date of the request made by the Borrowers pursuant to Section 2.8(a), and each extension of the Current Term Out Date shall be deemed to constitute a representation and warranty that on such date such representations and warranties are true and correct except as the Borrowers have previously disclosed to the Requested 1+1 Lenders in writing; and

(ii) no Default or Event of Default has occurred and is continuing.

2.9 Fees

(a) CPRC shall, on behalf of itself and the other Borrowers, pay to the Administrative Agent for the account of the Lenders under the applicable Credit Facility a standby fee in U.S. Dollars on each Credit Facility at a rate per annum equal to the Applicable Standby Fee Rate for the applicable Credit Facility in effect from time to time, multiplied by the amount of the Commitment under the applicable Credit Facility minus the Accommodations Outstanding under such Credit Facility determined in U.S. Dollars, calculated daily and payable in arrears on the first Business Day following the last day of each Financial Quarter and on the 5 Year Maturity Date in respect of any 5 Year Lender and on the Term Out Date in respect of any 1+1 Lender.

(b) CPRC shall, on behalf of the Borrowers, pay to the Administrative Agent for its own account an administrative fee in the amount and in the manner agreed to in the Agency Fee Letter.

2.10 Payments under this Agreement

(a) Unless otherwise expressly provided in this Agreement, each Borrower shall make any payment required to be made by it to the Administrative Agent for its own account or for the account of any other Lender by depositing the amount of the payment in the relevant currency to the applicable Borrower's Account not later than 10:00 a.m. (Calgary time) on the date the payment is due. The applicable Borrower shall make each such payment:

(i) in Canadian Dollars, if the Accommodation was originally made in or has been converted to Canadian Dollars; and

(ii) in U.S. Dollars, if the Accommodation was originally made in or has been converted to U.S. Dollars.

The Administrative Agent shall distribute to each Lender under each Credit Facility, promptly on the date of receipt by the Administrative Agent of any payment, an amount equal to the amount then due to such Lender under the applicable Credit Facility. Each Borrower hereby authorizes and directs the Administrative Agent to automatically debit the applicable Borrower's Account to effect such distribution. If the distribution is not made on that date, the Administrative Agent shall pay interest to the Lenders entitled to receive such distribution on the amount for each day, from the date the amount is received by the Administrative Agent until the date of distribution, at the prevailing interbank rate for late payments. Any amount received by the Administrative Agent for the account of the Lenders shall be held in trust for their benefit until distributed.

(b) Unless otherwise expressly provided in this Agreement, the Administrative Agent shall make amounts available and other payments to the applicable Borrower under the applicable Credit Facility by crediting the relevant Borrower's Account (or causing the relevant Borrower's Account to be credited) with the amount of the payment in the relevant currency not later than 11:00 a.m. (Calgary time) on the date the payment is to be made.

(c) Each Borrower hereby authorizes each Lender, if and to the extent payment owed to such Lender by a Borrower is not made to the Administrative Agent when due, to charge from time to time any amount due against any or all of the applicable Borrower's Accounts with the Administrative Agent.

(d) If and whenever from time to time a Borrower intends to repay any Floating Rate Advance or any Fixed Rate Advance or Drawing which would otherwise become a Floating Rate Advance on the date of payment pursuant to Section 3.3(b) or Section 4.5(b), such Borrower shall:

(i) in respect of such repayments where the amount repaid is equal to or less than $25,000,000, give the Administrative Agent notice of such repayment substantially in the form attached hereto as Schedule 9 on or before 10:00 a.m. (Calgary time) on the date of repayment; and

(ii) in respect of such repayment where the amount repaid is in excess of $25,000,000, give the Administrative Agent one (1) day's prior written notice of such repayment substantially in the form attached hereto as Schedule 9.

2.11 Application of Repayments and Prepayments

(a) Subject as otherwise provided in this Agreement, all repayments or prepayments received by the Administrative Agent pursuant to this Agreement shall be applied by the Administrative Agent to the Accommodations Outstanding under the applicable Credit Facility to each Lender under such Credit Facility in accordance with such Lender's rateable share thereof in accordance with Section 1.7.

(b) Repayments and prepayments applied by the Administrative Agent pursuant to Section 2.11(a) shall:

(i) be applied to the payment of any Floating Rate Advance (including any Fixed Rate Advance or Drawing which would otherwise become a Floating Rate Advance on the date of payment pursuant to Section 3.3(b) or Section 4.5(b)); and

(ii) the balance, if any, shall be (y) held by the Administrative Agent and applied to the repayment of Fixed Rate Advances or Drawings on the next maturity date for such Fixed Rate Advances or Drawings, as the case may be, or (z) at the option of the relevant Borrower and, if applicable, upon payment of any amount contemplated by Section 12.6(c), be applied immediately to the repayment of Fixed Rate Advances or Drawings, as the case may be.

Amounts so held by the Administrative Agent shall be deposited in an interest bearing account and shall bear interest at a rate determined by the Administrative Agent and the relevant Borrower for such deposits, or shall be invested in Cash Equivalents acceptable to the Administrative Agent and the relevant Borrower, and such interest or the amount earned by any such investment shall be paid to such Borrower on the maturity date for such relevant Fixed Rate Advance or Drawing, as the case may be.

(c) All amounts received by the Administrative Agent from or on behalf of the Borrowers or any of them under a Credit Facility and not previously applied pursuant to this Agreement shall be applied by the Administrative Agent as follows:

(i) first, in reduction of the applicable Borrower's obligations to pay any unpaid interest and any Fees which are due and owing under such Credit Facility;

(ii) second, in reduction of the applicable Borrower's obligations to pay any claims or losses referred to in Sections 12.6 and 12.8 under such Credit Facility;

(iii) third, in reduction of the applicable Borrower's obligations to pay any amounts due and owing on account of any unpaid principal amount of Advances under such Credit Facility which are due and owing;

(iv) fourth, in reduction of the applicable Borrower's obligations to pay any BA Instruments under such Credit Facility which are due and owing;

(v) fifth, in reduction of any other obligation of the applicable Borrower under this Agreement and the other Credit Documents; and

(vi) sixth, to the applicable Borrower or such other Persons as may lawfully be entitled to or directed to receive the remainder.

2.12 Computations of Interest and Fees; Adjustments to Margins

(a) All computations of interest shall be made by the Administrative Agent taking into account the actual number of days occurring in the period for which such interest is payable, and:

(i) if based on the Canadian Prime Rate or the Base Rate (Canada) on the basis of a year of 365 or 366 days, as the case may be; or

(ii) if based on the Eurodollar Rate on the basis of a year of 360 days.

(b) All computations of Fees shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, taking into account the actual number of days occurring in the period for which such fees are payable.

(c) Each Applicable Margin and Applicable Standby Fee Rate under each Credit Facility shall, if applicable, be adjusted on the date of any change in the senior unsecured debt ratings assigned by S&P or Moody's to CPRC's senior unsecured debt, to equal the rate determined in accordance with Schedule 7 after giving effect to such event, and each such adjustment shall be effective for purposes of calculating the rate of interest or fees on Advances and Documentary Credits, respectively, then outstanding on the date of such event.

(d) If at the time of a change in the Applicable Margin under a Credit Facility applicable to a Drawing under such Credit Facility there exists any outstanding Drawings under such Credit Facility, then:

(i) in the case of an increase in the Applicable Margin, each Borrower shall pay to the Administrative Agent (for the rateable benefit of the Lenders); or

(ii) in the case of a decrease in the Applicable Margin, the Lenders (rateably) shall credit the applicable Borrower,

in each case, an amount in respect of each such Drawing equal to the product obtained by multiplying:

(A) the product obtained by multiplying (w) the difference between the Applicable Margin in effect prior to such change and the Applicable Margin in effect immediately after such change, by (x) the aggregate face amount of such Drawing by

(B) the quotient obtained by dividing (y) the number of days to maturity remaining in respect of such Drawing by (z) 365 days.

Any payment or credit as a result of a change in the Applicable Margin shall be made in respect of Drawings on the maturity date thereof in accordance with Article 4.

(e) For purposes of the *Interest Act* (Canada):

(i) whenever any interest or Fee under this Agreement is calculated using a rate based on a number of days less than a full year, such rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate, (y) multiplied by the actual number of days in the calendar year in which the period for which such interest or fee is payable (or compounded) ends, and (z) divided by the number of days based on which such rate is calculated;

(ii) the principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement; and

(iii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

2.13 Designation and Redesignation of Designated Subsidiaries

The Covenantor may, from time to time, by notice in writing to the Administrative Agent, be entitled to designate that either:

(a) a Subsidiary shall become a Designated Subsidiary (which designation may be retroactive to include the preceding Financial Quarter); or

(b) a Designated Subsidiary shall cease to be a Designated Subsidiary (which designation may be retroactive to include the preceding Financial Quarter);

provided that, in each case, the Covenantor shall not be entitled to designate that a Designated Subsidiary shall become or cease to be a Designated Subsidiary if a Default or an Event of Default would result from or exist immediately after such a designation. If a Designated Subsidiary ceases to be a Designated Subsidiary as permitted by this Section 2.13, the Lenders shall release any Designated Subsidiary Guarantee provided by such Designated Subsidiary if no Default or Event of Default would result therefrom.

As at the Effective Date, the only Designated Subsidiary is Mount Stephen Properties Inc.

2.14 Guarantee by a Designated Subsidiary

If, as contemplated by the definition of Subsidiary Debt, the Covenantor determines to cause a Designated Subsidiary to provide a guarantee (each a "**Designated Subsidiary Guarantee**") of the present and future obligations of each Borrower hereunder:

(a) the Designated Subsidiary Guarantee shall be substantially in the form of Article 11 hereof, subject to such changes thereto as are agreed to by the Administrative Agent and the Covenantor, each acting reasonably;

(b) concurrently with the delivery of each such Designated Subsidiary Guarantee:

(i) the applicable Designated Subsidiary shall deliver to the Administrative Agent such customary legal opinions and evidence of corporate existence and due authorization together with such other matters delivered in respect of the Covenantor under Section 6.1 as the Administrative Agent may reasonably require; and

(ii) the Covenantor shall deliver to the Administrative Agent a certificate certifying that the representations and warranties contained in Section 7.1 with respect to such Designated Subsidiary and the Designated Subsidiary Guarantee provided by it are true and correct in all respects.

As at the Effective Date, there are no Designated Subsidiary Guarantors.

2.15 Cancellation or Transfer of a Lender's Commitment

If:

(a) any payment is required to be made by a Borrower to a Lender or Lenders (but not to all of the Lenders) pursuant to Section 12.8;

(b) any Lender or Lenders give(s) notice to the Borrowers that amounts are payable by the Borrowers to such Lender or Lenders (but not to all of the Lenders) pursuant to Section 12.6(b);

(c) a Lender (or Lenders) is (are) affected by the provisions of Section 3.4, 4.6 or 12.7 but not all Lenders are so affected;

(d) a Lender does not provide its consent or agreement to a request by the Borrowers for a waiver or amendment which requires the consent of the Lenders and as a consequence thereof such waiver or amendment cannot be obtained;

(e) a Lender does not provide Accommodations in respect of a Takeover in circumstances permitted by Section 6.5 and other Lenders do not provide the full amount of the requested Accommodations (including the share thereof requested from the non-funding Lender);

(f) a 5 Year Lender does not have an external credit rating for its senior unsecured debt of at least A- by S&P or A3 by Moody's (a "**Required Rating**"), unless in respect of each Non-Fronted Documentary Credit either:

(i) another 5 Year Lender having a Required Rating has confirmed to the Administrative Agent and the Borrowers in writing (at no cost to the Borrowers) that, pursuant to Article 5 and the power or attorney therein granted, the Administrative Agent may issue such Non-Fronted Documentary Credit on behalf of such other 5 Year Lender attributing to such other 5 Year Lender an Applicable Percentage (as defined in Schedule 11) equal to the aggregate of the rateable portions of such 5 Year Lender and such other 5 Year Lender, or

(ii) the direct or indirect parent of such 5 Year Lender has the Required Rating and such direct or indirect parent or another 5 Year Lender hereunder which has a Required Rating has confirmed or otherwise guaranteed the obligations of such 5 Year Lender in respect

of such Documentary Credit in favour of the beneficiary thereof in form satisfactory to the Borrowers, acting reasonably; or

(g) a Lender is a Defaulting Lender;

(any such Lender being called herein the "**Affected Lender**")

then the Borrowers may exercise one or any combination of the following so long as no Default or Event of Default has occurred and is continuing and without regard to Section 2.6:

(h) upon at least five (5) Business Days prior written notice to the Administrative Agent (other than in the case of Section 2.15(g) in which case written notice may be effective immediately), irrevocably cancel all but not part of the Affected Lender's Commitment (which shall include its 5 Year Fronted Documentary Credit Commitment, if any) if on or prior to the last day of such notice period the Borrowers have prepaid or otherwise reduced all Accommodations Outstanding to such Affected Lender, and paid all accrued interest and other charges and fees in respect of such Accommodations Outstanding and, if applicable, Fronted Documentary Credits and, if such Lender is a 5 Year Fronting Documentary Credit Lender, returned to such 5 Year Fronting Documentary Credit Lender all Fronted Documentary Credits issued by it for cancellation; or

(i) within sixty (60) days of a Lender becoming an Affected Lender, arrange for a replacement lender or lenders (provided that such lender or lenders, if not a Lender, shall be approved by the Administrative Agent and, in the case of the 5 Year Facility, each 5 Year Fronting Documentary Credit Lender and the 5 Year Swingline Lender, such approval not to be unreasonably withheld or delayed) to replace the Affected Lender's Commitment and any such replacement lender shall be novated into this Agreement in the place and stead of the Affected Lender upon payment to the Affected Lender of the amounts referred to in Section 2.15(h) hereof;

provided that, notwithstanding the foregoing, the Borrowers may exercise their rights under Section 2.15(h) and 2.15(i) pursuant to Section 2.15(d) if a Default has occurred and is continuing provided that all Lenders other than the Affected Lender or Affected Lenders have provided the consent or agreement to such waiver or amendment and that by exercising such rights the Default is cured or waived by all Lenders after giving effect to any such cancellation or replacement, as the case may be. If, in any circumstance referred to in Sections 2.15(a), 2.15(b), 2.15(c), 2.15(d) or 2.15(e), there is more than one Affected Lender who have become such for the same reason and at the same costs or potential cost to the Borrowers, the Borrowers shall deal with all such Affected Lenders in an equivalent manner.

ARTICLE 3
ADVANCES

3.1 The Advances

(a) Each Lender severally agrees, on the terms and conditions of this Agreement and in accordance with the applicable Borrowing Notice, to make Advances under the applicable Credit Facility to the Borrowers from time to time on any Business Day prior to the 5 Year Maturity Date of such Lender in the case of a 5 Year Lender and prior to the 1+1 Maturity Date of such Lender in the case of a 1+1 Lender subject, for lack of doubt, in the case of the 1+1 Facility, to Section 2.2(c) and the non-revolving nature of the 1+1 Facility after a 1+1 Lender's Term Out Date. The 5 Year Swingline Lender agrees, on the terms and conditions of this Agreement, to make Swingline Advances consisting of Canadian Prime Rate Advances and Base Rate (Canada) Advances (on a

same day basis) to the Borrowers from time to time on any Business Day prior to the 5 Year Maturity Date in respect of the 5 Year Swingline Lender.

(b) Subject to Section 1.7, each Borrowing (other than a Swingline Advance) shall consist of the same Types of Advances made to a Borrower on the same day by the relevant Lenders in accordance with each such Lender's rateable portion. Each requested Advance shall be in the minimum aggregate amount and in an integral multiple of the amount set forth in Schedule 6.

(c) Each Borrower shall repay each outstanding Swingline Advance within five (5) Business Days of the date such Swingline Advance was made available to the applicable Borrower from the proceeds of an Accommodation under the 5 Year Facility which is not a Swingline Advance. Upon receipt of a notice from the Administrative Agent that an Event of Default has occurred and is continuing, the 5 Year Swingline Lender may, in its sole discretion, give notice to the Administrative Agent who shall forthwith notify the 5 Year Lenders that the principal amount of its outstanding Swingline Advances shall be funded with a Borrowing under the 5 Year Facility (provided that such notice shall be deemed to have been given (y) on the latest 5 Year Maturity Date in respect of the 5 Year Lenders if the applicable Borrower shall not have repaid all Swingline Advances in respect of the 5 Year Swingline Lender on or prior to such day, and (z) upon the occurrence of an Event of Default), in which case Advances (each such Borrowing, a "**Mandatory 5 Year Borrowing**") shall be made on the next Business Day by all 5 Year Lenders so that immediately after the Mandatory 5 Year Borrowing, each 5 Year Lender shall share rateably in the Accommodations Outstanding under the 5 Year Facility and the proceeds of such Mandatory 5 Year Borrowing shall be applied directly by the Administrative Agent to repay Swingline Advances outstanding to the 5 Year Swingline Lender. Each Lender shall make Advances pursuant to a Mandatory 5 Year Borrowing in the amount and in the manner specified in writing by the Administrative Agent notwithstanding:

(i) that the amount of the Mandatory 5 Year Borrowing may not comply with the minimum amount for Borrowings otherwise required under this Agreement;

(ii) that the conditions specified in Article 6 are not satisfied;

(iii) that an Event of Default is continuing;

(iv) the date of such Mandatory 5 Year Borrowing; and

(v) any reduction in the Commitment under the 5 Year Facility after any Advance was made by the 5 Year Swingline Lender.

3.2 Procedure for Borrowing

(a) Except as provided in Section 3.2(b), each Borrowing shall be made on the number of days prior notice specified in Schedule 6, given not later than 9:00 a.m. (Calgary time) by a Borrower to the Administrative Agent. Each notice of a Borrowing (a "**Borrowing Notice**") shall be in substantially the form of Schedule 2, shall be irrevocable and binding on the applicable Borrower and shall specify:

(i) the applicable Credit Facility;

(ii) the requested date of the Borrowing;

(iii) the Type of Advance requested;

(iv) the aggregate amount of the Borrowing; and

(v) in the case of a Fixed Rate Advance, the initial Interest Period.

Upon receipt by the Administrative Agent of funds from the Lenders and fulfilment of the applicable conditions set forth in Article 6, the Administrative Agent will make such funds available to the applicable Borrower in accordance with Article 2.

(b) Each Swingline Advance:

(i) may be made on the same day's telephone request made on or before 1:00 p.m. (Toronto time) on such day, and in such amount, as requested by a Borrower to the 5 Year Swingline Lender (with telephone confirmation thereof to the Administrative Agent on the same day), providing the same information to the 5 Year Swingline Lender (and in such confirmation) as would be contained in a Borrowing Notice (which shall be deemed to have been so provided); or

(ii) shall be made by the 5 Year Swingline Lender, without notice from or to such Borrower, in respect of any overdraft in any one or more of such Borrower's accounts with the 5 Year Swingline Lender by deposit to such account of an amount equal to such overdraft.

3.3 Conversions and Rollovers Regarding Advances

(a) Each Borrower may elect to:

(i) change any Advance outstanding under a Credit Facility, or portion thereof, in each case, in the amount referred to in Section 3.1(b) to another Type of Advance under the same Credit Facility or convert an Advance outstanding under a Credit Facility to another Type of Accommodation under the same Credit Facility (y) in the case of a Floating Rate Advance, as of any Business Day, and (z) in the case of a Fixed Rate Advance, as of the last day of the Interest Period applicable to such Fixed Rate Advance, provided that in the case of the change or conversion of a Canadian Dollar Advance to a U.S. Dollar Advance, or a U.S. Dollar Advance to a Canadian Dollar Advance, the principal amount and interest thereon of such Advance to be changed or converted is paid in full on the date of such change or conversion; or

(ii) continue any Fixed Rate Advance under a Credit Facility for a further Interest Period under the same Credit Facility beginning on the last day of the then current Interest Period applicable to such Advance.

(b) Each election to change or convert an Advance into another Type of Advance or Type of Accommodation or to continue a Fixed Rate Advance for a further Interest Period, shall be made on the number of days prior notice specified in Schedule 6 given, in each case, not later than 9:00 a.m. (Calgary time) by the applicable Borrower to the Administrative Agent. Each such notice (an "**Interest Rate Election**") shall be given substantially in the form of Schedule 3 and shall be irrevocable and binding upon the applicable Borrower. If the applicable Borrower fails to deliver an Interest Rate Election to the Administrative Agent for any Fixed Rate Advance under a Credit Facility as provided in this Section 3.3, such Fixed Rate Advance shall be converted (as of the

last day of the applicable Interest Period) to and be outstanding as a Base Rate (Canada) Advance under the same Credit Facility. A Borrower shall not select an Interest Period which conflicts with the definition of Interest Period in Section 1.1.

3.4 Circumstances Affecting Eurodollar Rate Advances

Notwithstanding anything to the contrary herein contained, if at any time subsequent to a Borrower giving a Borrowing Notice or an Interest Rate Election to the Administrative Agent with regard to any requested Eurodollar Rate Advance:

(a) the Administrative Agent, acting reasonably, determines that adequate and fair means do not exist for ascertaining the rate of interest with respect to, or deposits are not available in sufficient amounts in the ordinary course of business in the London, England interbank market at the rate determined hereunder to make, fund or maintain, a requested Eurodollar Rate Advance during the ensuing Interest Period selected;

(b) the Administrative Agent, acting reasonably, determines that the making or continuing of the requested Eurodollar Rate Advance by the Lenders under a Credit Facility has been made impracticable by the occurrence of an event which materially adversely affects the London, England interbank market generally; or

(c) the Administrative Agent is advised by Lenders under a Credit Facility, acting reasonably, holding at least 35% of the Commitment under such Credit Facility by written notice (each, a "**Lender Eurodollar Suspension Notice**"), such notice to be received by the Administrative Agent no later than 12:00 noon (Calgary time) on the third Business Day prior to the date of the requested Borrowing or change or conversion of an Advance, as applicable, that such Lenders have determined, acting reasonably, that the Eurodollar Rate will not or does not represent the effective cost to such Lenders of deposits in U.S. Dollars in the London, England interbank market for the relevant Interest Period,

then the Administrative Agent shall give notice thereof to the Lenders under the applicable Credit Facility and the applicable Borrower, as soon as possible after such determination or receipt of such Lender Eurodollar Suspension Notice, as applicable, and the applicable Borrower shall, within one (1) Business Day after receipt of such notice and in replacement of the Borrowing Notice or Interest Rate Election previously given by the Borrowers, give the Administrative Agent, a Borrowing Notice or Interest Rate Election, as applicable, which specifies the drawdown of any other Accommodation under such Credit Facility or the Conversion of the relevant Eurodollar Rate Advance on the last day of the applicable Interest Period into any other Accommodation under such Credit Facility which would not be affected by the notice from the Administrative Agent pursuant to this Section 3.4.

In the event the Borrowers fail to give a valid replacement Interest Rate Election with respect to the maturing Eurodollar Rate Advance which was the subject of an Interest Rate Election, such maturing Eurodollar Rate Advance shall be converted on the last day of the applicable Interest Period into a Base Rate (Canada) Advance under the applicable Credit Facility as if a valid replacement Interest Rate Election had been given by the applicable Borrower pursuant to the provisions hereof. In the event the applicable Borrower fails to give a valid replacement Borrowing Notice with respect to a drawdown originally requested by way of a Eurodollar Rate Advance, then the applicable Borrower shall be deemed to have requested a drawdown by way of a Base Rate (Canada) Advance under the applicable Credit Facility in the amount specified in the original Borrowing Notice and, on the originally requested date of Borrowing, the Lenders under the applicable Credit Facility (subject to the other provisions hereof) shall make available the requested amount by way of a Base Rate (Canada) Advance.

3.5 Interest on Advances

The applicable Borrower shall pay interest on the unpaid principal amount of each Advance from the date of such Advance or conversion of another Type of Advance into such Advance until the date on which the principal amount of the Advance is repaid in full or is converted into another Type of Advance or Type of Accommodation at the following rates per annum:

(a) **Base Rate (Canada) Advances.** If and so long as such Advance is a Base Rate (Canada) Advance and subject as provided in the following sentence, at a rate per annum equal at all times to the Base Rate (Canada) in effect from time to time plus the Applicable Margin under the applicable Credit Facility, calculated daily and payable in arrears:

(i) on the first day of each month in each year; and

(ii) on the day on which such Base Rate (Canada) Advance becomes due and payable in full pursuant to the provisions hereof.

Any amount of principal of, or interest on, any such Base Rate (Canada) Advance which is not paid when due (whether at stated maturity, by acceleration or otherwise) shall be payable on demand and shall bear interest (both before and after judgment), from the date on which such amount is due until such amount is paid in full, at a rate per annum equal to the Base Rate (Canada) in effect from time to time plus the Applicable Margin under the applicable Credit Facility plus 1%.

(b) **Canadian Prime Rate Advances.** If and so long as such Advance is a Canadian Prime Rate Advance and subject as provided in the following sentence, at a rate per annum equal at all times to the Canadian Prime Rate in effect from time to time plus the Applicable Margin under the applicable Credit Facility, calculated daily and payable in arrears:

(i) on the first day of each month in each year; and

(ii) on the day on which such Canadian Prime Rate Advance becomes due and payable in full pursuant to the provisions hereof.

Any amount of principal of, or interest on, any such Canadian Prime Rate Advance which is not paid when due (whether at stated maturity, by acceleration or otherwise) shall be payable on demand and shall bear interest (both before and after judgment), from the date on which such amount is due until such amount is paid in full, at a rate per annum equal to the Canadian Prime Rate in effect from time to time plus the Applicable Margin under the applicable Credit Facility plus 1%.

(c) **Eurodollar Rate Advances.** If and so long as such Advance is a Eurodollar Rate Advance and subject as provided in the following sentence, at a rate per annum equal at all times during any Interest Period for such Eurodollar Rate Advance to the Eurodollar Rate for such Interest Period plus the Applicable Margin under the applicable Credit Facility, calculated daily and payable in arrears:

(i) in the case of an Interest Period longer than three (3) months, on the date falling three (3) months from the beginning of such Interest Period;

(ii) on the last day of such Interest Period; and

(iii) on the day on which such Eurodollar Rate Advance becomes due and payable in full pursuant to the provisions hereof.

Any amount of principal or interest on any such Eurodollar Rate Advance which is not paid when due (whether at stated maturity, by acceleration or otherwise) shall be payable on demand and shall bear interest (both before and after judgment), from the date on which such amount is due until such amount is paid in full, at a rate per annum equal to the Base Rate (Canada) in effect from time to time plus the Applicable Margin under the applicable Credit Facility plus 1%.

ARTICLE 4
BANKERS' ACCEPTANCES

4.1 Acceptances and Drafts

(a) Each Lender (other than the 5 Year Swingline Lender and the Documentary Credit Lenders in such capacities) severally agrees, on the terms and conditions of this Agreement, and in accordance with the applicable Drawing Notice, from time to time on any Business Day prior to the 5 Year Maturity Date in respect of such Lender if it is a 5 Year Lender and prior to the 1+1 Maturity Date in respect of such Lender if it is a 1+1 Lender (subject, for lack of doubt, in the case of the 1+1 Facility, to Section 2.2(c) and the non-revolving nature of the 1+1 Facility after a 1+1 Lender's Term Out Date):

(i) in the case of a Lender which is willing and able to accept Drafts, to create acceptances ("**Bankers' Acceptances**") by accepting Drafts and to purchase such Bankers' Acceptances in accordance with Section 4.3(b); and

(ii) in the case of a Lender which is unwilling or unable to accept Drafts, to purchase completed Drafts (which have not and will not be accepted by such Lender or any other Lender) in accordance with Section 4.3(b).

(b) Each requested Drawing shall be in the minimum aggregate Face Amount and in an integral multiple of the amount set forth in Schedule 6 and shall consist of the creation and purchase of Bankers' Acceptances or the purchase of Drafts on the same day, in each case for the Drawing Price, by the relevant Lenders in accordance with Section 4.3 and their respective Lender's Commitment under the applicable Credit Facility.

(c) The aggregate Face Amount of the Bankers' Acceptances to be created and purchased by a Lender or Drafts to be purchased by a Lender on any Drawing Date (upon a conversion or otherwise), shall be determined by the Administrative Agent based upon each Lender's rateable portion of the Drawing, except that, if the Face Amount of any Bankers' Acceptance to be created and purchased or Draft to be purchased, determined as aforesaid, would not be in an integral multiple of Cdn. $100,000, the Administrative Agent in its sole discretion may increase such Face Amount to the nearest whole multiple of Cdn. $100,000 or may reduce such Face Amount to the nearest whole multiple of Cdn. $100,000.

4.2 Form of Drafts

Each Draft presented by a Borrower shall:

(a) be in an integral multiple of Cdn. $100,000;

(b) be dated the date of the Drawing; and

(c) mature and be payable by the applicable Borrower (in common with all other Drafts presented in connection with such Drawing) on a Business Day which occurs approximately one (1) month, two (2) months, three (3) months or six (6) months, at the election of the applicable Borrower (or at such other time as may be agreed to by the Borrower and the applicable Lenders, acting reasonably), after the Drawing Date and, subject to Section 1.7, on or prior to the latest 5 Year Maturity Date in the case of the 5 Year Facility, and to the 1+1 Maturity Date, in the case of the 1+1 Facility.

4.3 Procedure for Drawing

(a) Each Drawing shall be made on notice (a "**Drawing Notice**") given by a Borrower to the Administrative Agent not later than 9:00 a.m. (Calgary time) on the number of days' notice specified in Schedule 6. Each Drawing Notice shall be in substantially the form of Schedule 4, shall be irrevocable, except as provided in Section 4.6(a), shall be binding on the applicable Borrower and shall specify:

(i) the applicable Credit Facility;

(ii) the Drawing Date;

(iii) the aggregate Face Amount of Bankers' Acceptances or Drafts to be accepted, if applicable, and purchased; and

(iv) the tenure thereof.

(b) Not later than noon (Calgary time) on an applicable Drawing Date, each Lender under a Credit Facility shall complete one or more Drafts under such Credit Facility in accordance with the Drawing Notice and either:

(i) accept the Drafts and purchase the Bankers' Acceptances so created for the Drawing Price; or

(ii) purchase the Drafts for the Drawing Price.

In each case, upon receipt by the Administrative Agent of funds from the Lenders under such Credit Facility on account of the Drawing Price and upon fulfilment of the applicable conditions set forth in Article 6, the Administrative Agent shall make such funds available to the applicable Borrower in accordance with Article 2.

(c) The applicable Borrower shall, at the request of any Lender under a Credit Facility, issue one or more non-interest bearing promissory notes under such Credit Facility (each a "**BA Equivalent Note**") payable on the maturity date of any unaccepted Draft referred to above, in such form as any such Lender may reasonably specify and in a principal amount equal to the Face Amount of, and in exchange for, any unaccepted Draft which any such Lender has purchased in accordance with Section 4.3(b).

(d) Bankers' Acceptances purchased by a Lender may be held by it for its own account until the maturity date thereof or sold by it at any time prior to that date in any relevant Canadian market in such Lender's sole discretion.

4.4 Presigned Draft Forms

(a) Subject to paragraph (b) of this Section 4.4, in order to enable the Lenders under a Credit Facility to create Bankers' Acceptances or complete Drafts in the manner specified in this Article 4, each Borrower shall supply each Lender under such Credit Facility with such number of Drafts as it may reasonably request, duly signed and endorsed on behalf of the applicable Borrower. Each Lender under the applicable Credit Facility hereby indemnifies the applicable Borrower against any loss or improper use thereof by such Lender, will exercise such care in the custody and safekeeping of Drafts as it would exercise in the custody and safekeeping of similar property owned by it and will, upon request by a Borrower, promptly advise the applicable Borrower of the number and designations, if any, of uncompleted Drafts held by it for such Borrower. The signature of any officer of a Borrower on a Draft may be mechanically reproduced and any BA Instrument bearing a facsimile signature shall be binding upon such Borrower as if it had been manually signed. Even if the individuals whose manual or facsimile signature appears on any BA Instrument no longer hold office at the date of its acceptance by the Lender or at any time after such date, any BA Instrument so signed shall be valid and binding upon the applicable Borrower. No Lender shall be liable for its failure to accept a Draft as required hereby if the cause of such failure is, in whole or in part, due to the failure of the Borrowers to provide Drafts to such Lender on a timely basis.

(b) Each Borrower hereby irrevocably appoints each Lender under a Credit Facility as its attorney to sign and endorse on its behalf, manually or by facsimile or mechanical signature, any BA Instrument under such Credit Facility necessary to enable each Lender to make Drawings in the manner specified in this Article 4 under such Credit Facility. All Bankers' Acceptances signed or endorsed on a Borrower's behalf by a Lender shall be binding on such Borrower, all as if duly signed or endorsed by such Borrower. Each Lender shall:

(i) maintain a record under the applicable Credit Facility with respect to any BA Instrument completed in accordance with this Section 4.4, voided by it for any reason, accepted and purchased by it hereunder, and cancelled at its respective maturity; and

(ii) retain such records in the manner and for the statutory periods provided in the various provincial or federal statutes and regulations which apply to such Lender and make such records available to the Borrowers acting reasonably.

On request by a Borrower, a Lender shall cancel and return to the possession of such Borrower all BA Instruments under a Credit Facility which have been pre-signed or pre-endorsed on behalf of such Borrower and which are held by such Lender and are not required to make Drawings in accordance with this Article 4 under such Credit Facility.

4.5 Payment, Conversion or Renewal of BA Instruments

(a) Upon the maturity of a BA Instrument under a Credit Facility, the applicable Borrower may:

(i) elect to issue a replacement Bankers' Acceptance or Draft under the same Credit Facility by giving a Drawing Notice in accordance with Section 4.3(a) under such Credit Facility;

(ii) elect to have all or a portion of the Face Amount of such BA Instrument converted to an Advance under the same Credit Facility (provided that in the case of a conversion of a portion only of the Face Amount of the BA Instrument, the remaining Face Amount, if any, of such BA Instrument shall not be less than the minimum Face Amount set forth in

Schedule 6) under the same Credit Facility by giving a Borrowing Notice in accordance with Section 3.2; or

(iii) pay, on or before 10:00 a.m. (Calgary time) on the maturity date for the BA Instrument, an amount in Canadian Dollars equal to the Face Amount of the BA Instrument (notwithstanding that a Lender may be the holder of it at maturity).

Any such payment shall satisfy the applicable Borrower's obligations under the BA Instrument to which it relates and the relevant Lender shall then be solely responsible for the payment of the BA Instrument.

(b) If a Borrower fails to pay any BA Instrument under a Credit Facility when due or to request a replacement in the Face Amount of such BA Instrument pursuant to Section 4.5(a), the unpaid amount due and payable shall be converted to a Canadian Prime Rate Advance under the same Credit Facility and shall bear interest calculated and payable as provided in Article 3. This conversion shall occur as of the maturity date of the BA Instrument and without any necessity for a Borrower to give a Borrowing Notice.

4.6 Circumstances Making Bankers' Acceptances Unavailable

If:

(a) the Administrative Agent, acting reasonably, makes a determination, which determination shall be conclusive and binding upon the Borrowers, and notifies the Borrowers, that there no longer exists an active market for Bankers' Acceptances and Drafts; or

(b) the Administrative Agent is advised by Lenders under a Credit Facility holding at least 35% of the Commitment under such Credit Facility by written notice (each, a "**Lender BA Suspension Notice**") that such Lenders have determined, acting reasonably, that the Reference Discount Rate will not or does not accurately reflect the cost of funds of such Lenders or the discount rate which would be applicable to a sale of Bankers' Acceptances or Drafts by such Lenders in the market;

then:

(c) the right of the Borrower(s) to request Bankers' Acceptances or Drafts from any Lender under such Credit Facility shall be suspended until the Administrative Agent determines that the circumstances causing such suspension no longer exist and so notifies the Borrowers and the Lenders under such Credit Facility;

(d) any outstanding Drawing Notice requesting a Drawing by way of Bankers' Acceptances and/or Drafts under such Credit Facility shall be deemed to be a Borrowing Notice requesting a Canadian Prime Rate Advance in the amount specified in the original Borrowing Notice under such Credit Facility;

(e) any outstanding Interest Rate Election requesting a conversion of a Base Rate (Canada) Advance or a Eurodollar Rate Advance into a Bankers' Acceptance and/or Draft shall be deemed to be a notice requesting a conversion of such Base Rate (Canada) Advance or Eurodollar Rate Advance into a Canadian Prime Rate Advance under such Credit Facility; and

(f) any outstanding Interest Rate Election requesting a rollover of a Bankers' Acceptance and/or Draft shall be deemed to be a notice requesting a conversion of such Bankers' Acceptances and/or Drafts into a Canadian Prime Rate Advance under such Credit Facility.

The Administrative Agent shall promptly notify the Borrowers and the Lenders under the applicable Credit Facility of any suspension of the Borrower's right to request Bankers' Acceptances and Drafts and of any termination of any such suspension. A Lender BA Suspension Notice shall be effective upon receipt of the same by the Administrative Agent if received prior to 12:00 noon (Calgary time) on a Business Day and if not, then on the next following Business Day, except in connection with a Drawing Notice or Interest Rate Election previously received by the Administrative Agent, in which case the Lender BA Suspension Notice shall only be effective with respect to such previously received Drawing Notice or Interest Rate Election under the applicable Credit Facility if received by the Administrative Agent prior to 12:00 noon (Calgary time) two (2) Business Days prior to the proposed date of the Drawing applicable to such previously received Drawing Notice or Interest Rate Election, as applicable.

ARTICLE 5
DOCUMENTARY CREDITS

5.1 Documentary Credits

The Administrative Agent shall issue Non-Fronted Documentary Credits under the 5 Year Facility for the account of a Borrower on behalf of each 5 Year Lender, and each 5 Year Lender severally agrees that the Administrative Agent shall issue Non-Fronted Documentary Credits for and on its behalf, on the terms and conditions of this Agreement, in accordance with the applicable Issue Notice and on any Business Day prior to the 5 Year Maturity Date of such Lender. Each 5 Year Fronting Documentary Credit Lender agrees, on the terms and conditions of this Agreement, and in accordance with the applicable Issue Notice, to issue Fronted Documentary Credits for the account of a Borrower on any Business Day prior to the 5 Year Maturity Date of such 5 Year Fronting Documentary Credit Lender.

5.2 Issue Notice

(a) Each Issue shall be made on notice (an "**Issue Notice**") given by a Borrower to the Administrative Agent, in the case of Non-Fronted Documentary Credits to be issued by the Administrative Agent as attorney-in-fact for and on behalf of the 5 Year Lenders, or to the applicable 5 Year Fronting Documentary Credit Lender (with a copy to the Administrative Agent), in the case of Fronted Documentary Credits to be issued by such 5 Year Fronting Documentary Credit Lender, not later than 10:00 a.m. (Calgary time) on the number of days' notice specified in Schedule 6. A Borrower may elect from which 5 Year Fronting Documentary Credit Lender it is requesting an Issue. The Issue Notice shall be in substantially the form of Schedule 5, shall be irrevocable and binding on the applicable Borrower, shall be accompanied by such other usual and customary documents (such as applications) required by the Administrative Agent or the 5 Year Fronting Documentary Credit Lender, as applicable (and which shall be consistent with the provisions hereof), and shall specify:

(i) the requested date of Issue (the "**Issue Date**");

(ii) whether such Documentary Credit is to be made available by the Administrative Agent for and on behalf of the 5 Year Lenders or by one or more 5 Year Fronting Documentary Credit Lenders;

(iii) the type of Documentary Credit;

(iv) the Face Amount of the Documentary Credit;

(v) the expiration date of the Documentary Credit (which expiration date shall not exceed 365 days from the Issue Date subject to automatic or other extensions thereof and, in any event, the expiration date, subject to Section 1.7, shall not extend beyond the 5 Year Maturity Date of any applicable Documentary Credit Lender, and provided that in determining Accommodations Outstanding under the 5 Year Facility the Administrative Agent shall treat any such Documentary Credit as outstanding unless otherwise notified in writing by the applicable Borrower and the applicable Documentary Credit Lender);

(vi) whether such Documentary Credit is a direct credit substitute for the purposes of the Capital Adequacy Guidelines, provided that if the applicable Borrower and the Administrative Agent, in the case of a Non-Fronted Documentary Credit or the 5 Year Fronting Documentary Credit Lender, in the case of a Fronted Documentary Credit, do not agree on whether or not such Documentary Credit is a direct credit substitute, such Documentary Credit shall not be issued until such time as the applicable Borrower and the Administrative Agent or such 5 Year Fronting Documentary Credit Lender, as applicable, agree as to whether or not it is a direct credit substitute; and

(vii) the name and address of the Beneficiary.

(b) In respect of any Documentary Credit, the Administrative Agent shall provide each of the applicable Documentary Credit Lenders with a copy of the Issue Notice forthwith upon receipt thereof from a Borrower. Such notice shall specify each such Documentary Credit Lender's rateable portion of such Documentary Credit.

(c) The applicable Borrower shall repay, and there shall become due and payable on the Issue Date, the principal amount of any Accommodations Outstanding which are to be converted in whole or in part, to Documentary Credits, and interest and all other amounts payable in respect thereof, all as if such conversion were a prepayment of such Advances pursuant to Article 2.

5.3 Form of Documentary Credits

(a) Each Fronted Documentary Credit shall:

(i) be dated the Issue Date;

(ii) have an expiration date on a date that complies with Section 5.2(a) or, if such date is not a Business Day on the Business Day immediately preceding such date;

(iii) comply with the definition of Fronted Documentary Credit and be a type of Documentary Credit issued by the applicable 5 Year Fronting Documentary Credit Lender for the proposed purpose of the Issue which shall in all cases be reasonably satisfactory to the applicable 5 Year Fronting Documentary Credit Lender;

(iv) be issued in U.S. Dollars, Canadian Dollars or Pounds Sterling; and

(v) be on the standard documentary forms required by the applicable 5 Year Fronting Documentary Credit Lender.

(b) Each Non-Fronted Documentary Credit shall:

(i) be dated the Issue Date;

(ii) have an expiration date on a date that complies with Section 5.2(a) (if such date is not a Business Day on the Business Day immediately preceding such date);

(iii) comply with the definition of Non-Fronted Documentary Credit and be a type of Documentary Credit issued by the 5 Year Lenders on whose behalf the Administrative Agent is issuing such Non-Fronted Documentary Credit for the proposed purpose of the Issue which in all cases shall be reasonably satisfactory to the Administrative Agent;

(iv) be issued in U.S. Dollars, Canadian Dollars or Pounds Sterling; and

(v) be substantially in the form of Schedule 11, with any such changes to such form as:

(A) the Administrative Agent shall determine in good faith is required and on a commercially reasonable basis does not materially increase the obligations, or diminish the rights, of any Documentary Credit Lender relative to such form, or

(B) all of the applicable Documentary Credit Lenders shall approve;

provided that, without the prior written consent of each Documentary Credit Lender, no Non-Fronted Documentary Credit may be issued that would change or affect the several nature of the obligations of the Documentary Credit Lenders thereunder.

5.4 Administrative Agent to Execute Non-Fronted Documentary Credits as Attorney for Lenders

(a) Each Non-Fronted Documentary Credit shall be executed and delivered by the Administrative Agent in the name of and on behalf of, and as attorney-in-fact for, each Documentary Credit Lender party to such Non-Fronted Documentary Credit. The Administrative Agent shall act under each Non-Fronted Documentary Credit as the agent of the applicable Documentary Credit Lenders to:

(i) receive drafts, other demands for payment and other documents presented by the Beneficiary thereunder;

(ii) determine whether such drafts, demands and documents are in compliance with the terms and conditions of such Non-Fronted Documentary Credit; and

(iii) notify such Documentary Credit Lenders and the applicable Borrower that a valid drawing has been made and the date that the related payment by the Documentary Credit Lenders thereunder is to be made; provided that the Administrative Agent shall have no obligation or liability as Administrative Agent for any such payment under any Non-Fronted Documentary Credit, and each such Non-Fronted Documentary Credit shall expressly so provide.

Each Documentary Credit Lender hereby irrevocably appoints and designates the Administrative Agent as its attorney-in-fact, acting through any duly authorized officer of the Administrative Agent, to execute and deliver in the name and on behalf of such Documentary Credit Lender at

any time prior to the 5 Year Maturity Date of such Documentary Credit Lender but subject to Section 1.7, each Non-Fronted Documentary Credit to be issued on behalf of such Documentary Credit Lender hereunder. Promptly upon the request of the Administrative Agent, each Documentary Credit Lender will furnish to the Administrative Agent such powers of attorney or other evidence as any beneficiary thereunder may reasonably request in order to demonstrate that the Administrative Agent has the power to act as attorney-in-fact for such Documentary Credit Lender to execute and deliver such Non-Fronted Documentary Credit. The Borrowers, the Administrative Agent and the Documentary Credit Lenders agree that each Non-Fronted Documentary Credit shall provide that all drafts and other documents presented thereunder shall be delivered to the Administrative Agent and that all payments thereunder shall be made by the Documentary Credit Lenders obligated thereon through the Administrative Agent. Each Documentary Credit Lender shall be severally liable under each Non-Fronted Documentary Credit issued in accordance with its rateable share of the Commitment on the date of issuance of such Non-Fronted Documentary Credit and each Non-Fronted Documentary Credit shall specify each Documentary Credit Lender's rateable share of the amount payable thereunder.

(b) The Administrative Agent shall maintain records showing the undrawn and unexpired amount of each Non-Fronted Documentary Credit outstanding under the 5 Year Facility and each Documentary Credit Lender's share of such amount, and showing for each such Non-Fronted Documentary Credit issued hereunder:

(i) the Issue Date and expiration date thereof;

(ii) the Face Amount thereof;

(iii) the date and amount of all payments made thereunder; and

(iv) each Documentary Credit Lender's share of the amount of each such Non-Fronted Documentary Credit issued hereunder.

The Administrative Agent shall make copies of such records available to any Documentary Credit Lender or either Borrower upon their request.

5.5 Procedure for Issuance of Documentary Credits

(a) Not later than 12:00 p.m. (Calgary time) on an applicable Issue Date, the Administrative Agent as attorney-in-fact for and on behalf of the Documentary Credit Lenders (in the case of Non-Fronted Documentary Credits) or the 5 Year Fronting Documentary Credit Lender (in the case of Fronted Documentary Credits), will complete and issue or arrange to have completed and issued an appropriate type of Documentary Credit

(i) dated the Issue Date;

(ii) in favour of the Beneficiary;

(iii) in a Face Amount equal to the amount referred to in Section 5.2(a); and

(iv) with the expiration date, as specified by the relevant Borrower in its Issue Notice (subject to Section 5.3).

Upon issuance of a Documentary Credit, the Administrative Agent or the 5 Year Fronting Documentary Credit Lender, as applicable, shall give prompt notice thereof to the relevant Borrower and each Documentary Credit Lender.

(b) No Documentary Credit shall require payment against a conforming draft to be made thereunder on the same Business Day upon which such draft is presented, if such presentation is made after 10:00 a.m. (local time) on such Business Day.

(c) Prior to the Issue Date, the Borrower requesting a Documentary Credit to be issued shall specify a precise description of the documents and the verbatim text of any certificates to be presented by the Beneficiary which, if presented by the Beneficiary, would require the applicable Documentary Credit Lender to make payment under the applicable Documentary Credit. The Administrative Agent or a Documentary Credit Lender may, before the Issue of the Documentary Credit and acting reasonably in consultation with such Borrower, require changes in any such documentation or certificate.

(d) In determining whether to pay under any Documentary Credit, the applicable Documentary Credit Lender shall be responsible only to determine that the documents and certificates required to be delivered under such Documentary Credit have been delivered and that they comply on their face with the requirements of such Documentary Credit.

5.6 Contingent Liability of Lenders

A 5 Year Lender who has Accommodations Outstanding consisting of contingent liability under Documentary Credits outstanding on behalf of a Borrower shall continue to be liable under such Documentary Credits up to and including the Lender's 5 Year Maturity Date. The applicable Borrower shall pay the Administrative Agent on behalf of such Lender on such Lender's 5 Year Maturity Date an amount equal to such Lender's contingent liability in respect of any Documentary Credits which remain outstanding on behalf of such Borrower on such 5 Year Maturity Date, in accordance with Section 5.11.

5.7 Payment of Amounts Drawn Under Documentary Credits

(a) Each 5 Year Lender and each Borrower hereby irrevocably authorizes the Administrative Agent or the applicable 5 Year Fronting Documentary Credit Lender, as applicable, to review on behalf of each 5 Year Lender each draft and other documents presented under each Documentary Credit. The determination of the Administrative Agent or the applicable 5 Year Fronting Documentary Credit Lender, as applicable, as to the conformity of any documents presented under a Documentary Credit to the requirements of such Documentary Credit shall, in the absence of the negligence or wilful misconduct of the Administrative Agent or the applicable 5 Year Fronting Documentary Credit Lender, as applicable, be conclusive and binding on the relevant Borrower and each 5 Year Lender. The Administrative Agent or the applicable 5 Year Fronting Documentary Credit Lender, as applicable, shall, within a reasonable time following its receipt thereof, examine all documents purporting to represent a demand for payment under any Documentary Credit. In respect of any Non-Fronted Documentary Credits, the Administrative Agent shall promptly after such examination:

(i) notify each of the Documentary Credit Lenders obligated under such Non-Fronted Documentary Credit and the relevant Borrower by telephone (confirmed in writing) of such demand for payment and of each Documentary Credit Lender's rateable share of such payment;

(ii) deliver to each such Documentary Credit Lender a copy of each document purporting to represent a demand for payment under such Non-Fronted Documentary Credit; and

(iii) notify each such Documentary Credit Lender and the relevant Borrower whether such demand for payment was properly made under the relevant Documentary Credit.

With respect to any drawing determined by the Administrative Agent or the applicable 5 Year Fronting Documentary Credit Lender, as applicable, to have been properly made under a Documentary Credit, each 5 Year Lender will make its rateable share of the applicable payment in respect of such Documentary Credit, in accordance with its liability under such Documentary Credit and this Agreement, such payment to be made to the Administrative Agent for the account of the applicable 5 Year Fronting Documentary Credit Lender (in the case of a Fronted Documentary Credit) or such account as the Administrative Agent shall advise (in the case of a Non-Fronted Documentary Credit). The Administrative Agent will make any payments made available to it by the applicable Documentary Credit Lenders to the Beneficiary of such Documentary Credit by promptly crediting the amounts so received, in like funds, to the account identified by such Beneficiary in connection with such demand for payment. Promptly following any payment by any Documentary Credit Lender in respect of any Documentary Credit, the Administrative Agent will notify the relevant Borrower of such payment; provided that any failure to give or delay in giving such notice shall not relieve the relevant Borrower of its obligation to reimburse the applicable Documentary Credit Lenders with respect to any such payment. The responsibility of the applicable 5 Year Fronting Documentary Credit Lender in connection with any draft presented for payment under any Fronted Documentary Credit shall, in addition to any payment obligation expressly provided for in such Documentary Credit, be limited to determining that the documents (including each draft) delivered under such Fronted Documentary Credit in connection with such presentment are in conformity with the requirements of such Fronted Documentary Credit. The responsibility of the Administrative Agent in connection with any draft presented for payment under any Non-Fronted Documentary Credit shall be limited to determining that the documents (including each draft) delivered under such Non-Fronted Documentary Credit in connection with such presentment are in conformity with the requirements of such Non-Fronted Documentary Credit.

(b) The relevant Borrower agrees to reimburse the applicable 5 Year Fronting Documentary Credit Lender for the account of the 5 Year Lenders (in respect of a Fronted Documentary Credit) or each applicable Documentary Credit Lender (in respect of a Non-Fronted Documentary Credit), on demand, for each payment made by the applicable Fronting Document Credit Lender or such Documentary Credit Lender, as applicable, under any Documentary Credit. The relevant Borrower shall make such reimbursement by paying to the applicable 5 Year Fronting Documentary Credit Lender (in respect of a Fronted Documentary Credit) or the Administrative Agent, for the account of each applicable Documentary Credit Lender (in respect of a Non-Fronted Documentary Credit) to the applicable Borrower's Account, the full amount of each such payment made by the applicable 5 Year Fronting Documentary Credit Lender or such Lender, as applicable. The relevant Borrower shall also pay and reimburse each applicable 5 Year Fronting Documentary Credit Lender or each Documentary Credit Lender, as applicable, for all taxes, fees, charges and other reasonable and customary costs and expenses incurred by such Lender in connection with such payment, as notified by such Documentary Credit Lender to the relevant Borrower through the Administrative Agent. Each reimbursement payment shall be due and payable on the date on which the Administrative Agent or the applicable 5 Year Fronting Documentary Credit Lender, as applicable, notifies the relevant Borrower of the amount of such reimbursement obligation.

(c) In respect of each Documentary Credit, unless on the date of such drawing the applicable Borrower has made payment on demand to the applicable Borrower's Account of an amount, in same day funds, equal to the amount of such drawing; then:

(i) the applicable Borrower shall be deemed to have given a Borrowing Notice to the Administrative Agent, requesting a Canadian Prime Rate Advance or a Base Rate (Canada) Advance, as the case may be, under the 5 Year Facility and as determined by the Administrative Agent acting reasonably, based upon the amount and currency required on the date on which such drawing is honoured in an amount equal to the amount of such drawing, provided that in the case of any Documentary Credit issued in Pounds Sterling, the Borrower shall be deemed to have requested a Canadian Prime Rate Advance in an amount equal to the Canadian Dollars utilized by each Lender or the applicable 5 Year Fronting Documentary Credit Lender in accordance with its usual practices to purchase Pounds Sterling on the date on which payment is made on such Documentary Credit;

(ii) the 5 Year Lenders shall on the date of such drawing, make such Canadian Prime Rate Advance or Base Rate (Canada) Advance, as the case may be, rateably under the 5 Year Facility; and

(iii) the Administrative Agent shall pay the proceeds thereof to the applicable 5 Year Fronting Documentary Credit Lender (in respect of a Fronted Documentary Credit) or each applicable Documentary Credit Lender (in respect of a Non-Fronted Documentary Credit) as reimbursement for the amount of such drawing; and

(iv) the Administrative Agent shall promptly notify the applicable Borrower of any such Canadian Prime Rate Advance or Base Rate (Canada) Advance, as the case may be.

(d) Each applicable Documentary Credit Lender shall be required to make its rateable portion of the Advances referred to in Section 5.7(c) notwithstanding:

(i) the amount of the Borrowing may not comply with the minimum amount for Borrowings otherwise required hereunder;

(ii) that any conditions specified in Article 6 are not then satisfied;

(iii) that a Default or Event of Default has occurred and is continuing;

(iv) the date of such Borrowing; and

(v) any reduction of the Commitment under the 5 Year Facility after any Documentary Credit was issued.

(e) In respect of any Non-Fronted Documentary Credit, the Administrative Agent shall not be required to make any payment under a Non-Fronted Documentary Credit in excess of the amount received by it from the applicable Documentary Credit Lenders for such payment. Promptly after making a payment under a Non-Fronted Documentary Credit on behalf of the Documentary Credit Lenders liable thereunder, the Administrative Agent shall remit to each such Documentary Credit Lender that remitted funds to the Administrative Agent in respect of such payment such Documentary Credit Lender's portion of the payments received by the Administrative Agent from the applicable Borrower in respect of such payment.

5.8 Fees

(a) The applicable Borrower shall pay to the Administrative Agent, for the account of the applicable Documentary Credit Lenders, a Documentary Credit fee with respect to each outstanding Documentary Credit at a rate per annum equal to the Applicable Margin under the 5 Year Facility in effect from time to time, calculated on the basis of the Face Amount of each such Documentary Credit and a year of 365 or 366 days, as the case may be, calculated daily and payable in arrears on the first Business Day following the last day of each Financial Quarter and on each 5 Year Maturity Date in respect of any Documentary Credit Lender and in the same currency as such Documentary Credit.

(b) In addition, in respect of each Fronted Documentary Credit, the applicable Borrower shall pay to the applicable 5 Year Fronting Documentary Credit Lender a fronting fee equal to 17.5 basis points per annum. Any such fronting fee shall be calculated on the basis of the Face Amount of each outstanding Fronted Documentary Credit and a year of 365 or 366 days, as the case may be, calculated daily and payable in arrears on the first Business Day following the end of each Financial Quarter and on each 5 Year Maturity Date in respect of such 5 Year Fronting Documentary Credit Lender and in the same currency as such Fronted Documentary Credit.

(c) The applicable Borrower shall pay to each applicable Documentary Credit Lender its:

(i) reasonable set-up fees, cable charges and other customary miscellaneous charges in respect of the issue of Documentary Credits by it or on its behalf, as applicable, and upon the amendment or transfer of each Documentary Credit and each drawing made thereunder; and

(ii) reasonable and customary documentary and administrative charges for amending, transferring or drawing under, as the case may be, Documentary Credits of a similar amount, term and risks.

5.9 Obligations Absolute

The obligation of the applicable Borrower to reimburse the applicable Documentary Credit Lender for drawings made under any Documentary Credit issued by the Administrative Agent as attorney-in-fact for and on behalf of the Lenders or any applicable 5 Year Fronting Documentary Credit Lender shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including:

(a) any lack of validity or enforceability of any Documentary Credit;

(b) the existence of any claim, compensation, set-off, defence or other right which the Borrowers or any of them may have at any time against a Beneficiary or any transferee of any Documentary Credit (or any Persons for whom any such transferee may be acting), any Documentary Credit Lender or any other Person, whether in connection with this Agreement, the transactions contemplated herein and therein or any unrelated transaction (including any underlying transaction between either of the Borrowers or one of their Subsidiaries and the Beneficiary of any Documentary Credit);

(c) any draft, demand, certificate or any other document presented under any Documentary Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect;

(d) any other circumstances or happenings whatsoever, which is similar to any of the foregoing; or

(e) that a Default or an Event of Default shall have occurred and be continuing.

5.10 Indemnification; Nature of Documentary Credit Lender's Duties

In addition to amounts payable as elsewhere provided in this Article 5, the Borrowers hereby agree to protect, indemnify, pay and save each Documentary Credit Lender and the Administrative Agent, or either of them, harmless from and against any and all claims or losses (including reasonable legal fees and expenses) which such Documentary Credit Lender and the Administrative Agent, or either of them, may incur or be subject to as a consequence, direct or indirect, of:

(a) the application for or issuance of or drawing under any Documentary Credit, other than as a result of the negligence or wilful misconduct of such Documentary Credit Lender or the Administrative Agent as determined by a court of competent jurisdiction, provided that such Documentary Credit Lender or the Administrative Agent acts in good faith; or

(b) the failure of such Documentary Credit Lender or the Administrative Agent to honour a drawing under any Documentary Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or governmental authority prohibiting the payment of such drawing (all such acts or omissions herein called "**Government Acts**").

As between the Borrowers and each Documentary Credit Lender, the Borrowers assume all risks of the acts and omissions of, or misuse of any Documentary Credit issued by such Documentary Credit Lender, by the Beneficiary of such Documentary Credit. Except to ensure compliance with the applicable Documentary Credit, the Documentary Credit Lenders shall not have any responsibility for:

(i) the form, validity, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for, issuance of or drawing under any Documentary Credit (even if it should in fact prove to be in any or all respects invalid, inaccurate, fraudulent or forged);

(ii) the validity or sufficiency of any instrument transferring or assigning (or purporting to transfer or assign) any Documentary Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason;

(iii) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise (whether or not they are in cipher);

(iv) errors in interpretation of technical terms;

(v) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Documentary Credit or of the proceeds thereof;

(vi) the misapplication by the Beneficiary of any Documentary Credit or of the proceeds of any drawing under such Documentary Credit; and

(vii) any consequences arising from causes beyond the control of the Documentary Credit Lender including any Governmental Acts.

None of the above shall affect, impair, or prevent the vesting of any of the Documentary Credit Lender's powers hereunder. Any action taken or omitted by the Documentary Credit Lender under or in connection with any Documentary Credit issued by it or on behalf of it or the related certificates if taken or omitted in good faith, shall not put the Documentary Credit Lender under any resulting liability to the Borrowers or any of them provided that the Documentary Credit Lender acts without intentional or gross fault and has not engaged in wilful misconduct.

Neither Borrower shall have any obligation to indemnify a Documentary Credit Lender in respect of any liability incurred by such Documentary Credit Lender arising out of the negligence or wilful misconduct of such Documentary Credit Lender as determined by a court of competent jurisdiction, or out of the wrongful dishonour by such Documentary Credit Lender of a proper demand for payment made under any Documentary Credit issued by it or on behalf of it.

5.11 Repayments

(a) If a Borrower shall be required to repay the Accommodations Outstanding to any or all of the Documentary Credit Lenders pursuant to Article 2, Article 9 or otherwise herein, then such Borrower shall pay to the Administrative Agent for and on behalf of the relevant Documentary Credit Lender to the extent required pursuant thereto and in the amount provided therein, an amount equal to such Documentary Credit Lender's contingent liability in respect of any Documentary Credit outstanding for the account of such Borrower hereunder, including any Documentary Credit which is the subject matter of any order, judgment, injunction or other such determination (a "**Judicial Order**") restricting payment by such Documentary Credit Lender under and in accordance with such Documentary Credit beyond the expiration date stated therein other than any Judicial Order permanently enjoining the applicable Documentary Credit Lender from paying under such Documentary Credit. Payment in respect of each such Documentary Credit shall be due in the currency in which such Documentary Credit is denominated.

(b) Each Documentary Credit Lender shall, with respect to any Documentary Credit issued by it or on behalf of it, upon the date on which any final and non-appealable order, judgment or other such determination has been rendered or issued either terminating the applicable Judicial Order or permanently enjoining such Documentary Credit Lender from paying under such Documentary Credit, pay to the applicable Borrower an amount equal to the aggregate of (y) the difference between the amount paid to such Documentary Credit Lender pursuant to Section 5.11(a) and the amounts paid by such Documentary Credit Lender under such Documentary Credit and (z) interest on such amount, if any, determined at such Documentary Credit Lender's applicable wholesale deposit rate for the relevant currency.

(c) Each Documentary Credit Lender shall, with respect to any Documentary Credit issued by it or on behalf of it, upon the earlier of:

(i) the date on which either (x) the original counterpart of such Documentary Credit is returned to the Administrative Agent or to such Documentary Credit Lender for cancellation, or (y) such Documentary Credit Lender is released by the Beneficiary from any further obligations in respect thereof; and

(ii) the expiry (to the extent permitted by Law) of such Documentary Credit;

pay to the applicable Borrower an amount equal to the aggregate of (y) the difference between the amount paid to such Documentary Credit Lender pursuant to Section 5.11(a) and the amounts paid by such Documentary Credit Lender under such Documentary Credit and (z) interest on such

amount, if any, determined at such Documentary Credit Lender's applicable wholesale deposit rate for the relevant currency.

ARTICLE 6
CONDITIONS OF LENDING

6.1 Conditions Precedent to Closing

The obligations of the Lenders hereunder are subject to fulfilment of the following conditions precedent on the Effective Date:

(a) the Administrative Agent shall have received, in form, substance and dated as of a date satisfactory to the Administrative Agent and its counsel and in sufficient quantities for each Lender and the Administrative Agent:

(i) executed copies of this Agreement and the other Credit Documents required to be executed prior to the initial Accommodation hereunder;

(ii) a certificate of a senior officer of the Covenantor certifying that no Default or Event of Default has occurred and is continuing and that the representations and warranties in Section 7.1 are true and correct in all respects;

(iii) a certified copy of:

(A) the Articles and by-laws of the Covenantor and each Borrower;

(B) evidence of the corporate authority of the Covenantor and each Borrower with respect to the borrowing and other matters contemplated by this Agreement and the entering into and completion of all transactions contemplated by the other Credit Documents; and

(C) all other instruments evidencing necessary corporate action of the Covenantor and each Borrower with respect to such matters;

(iv) a certificate of an officer of the Covenantor and each Borrower certifying the names and true signatures of its officers authorized to sign this Agreement and the other Credit Documents;

(v) a certificate of status, compliance or like certificate with respect to the Covenantor and each Borrower issued by the appropriate Governmental Entity of the jurisdiction of its incorporation;

(vi) favourable opinions of counsel to the Covenantor and each Borrower as to such matters as the Administrative Agent may reasonably request;

(vii) favourable opinions of counsel to the Lenders as to such matters as the Administrative Agent may reasonably request; and

(viii) such other documents and instruments as the Administrative Agent may reasonably request;

(b) the Existing Credit Agreement shall have been cancelled and terminated and all amounts outstanding thereunder shall have been paid and the Administrative Agent shall have received a copy of such notice of cancellation and termination and, acting reasonably, be satisfied all such amounts have been repaid; and

(c) all fees and other amounts then payable under the Credit Documents shall have been paid in full.

6.2 Conditions Precedent to Accommodations

(a) The obligation of each Lender to make Accommodations or otherwise give effect to any Accommodation Notice is subject to fulfilment of the following conditions at the time of any Accommodation Notice or Accommodation, as the case may be, if such Accommodation represents an increase in the Accommodations Outstanding thereafter:

(i) no Default or Event of Default, which has not been remedied to the reasonable satisfaction of the Lenders or has not been waived by the Lenders in accordance with Section 12.1, has occurred and is continuing or would arise immediately after giving effect to or as a result of the Accommodation; and

(ii) the representations and warranties of the Covenantor contained in Article 7 are true and correct in all material respects on the date of the Accommodation as if they were made on that date.

(b) Each of the giving of any Accommodation Notice by a Borrower and the acceptance by a Borrower of any Accommodation, in each case with respect to an Accommodation which represents an increase in the Accommodations Outstanding thereafter, shall be deemed to constitute a representation and warranty by the Covenantor that, on the date of such Accommodation, the statements set forth in Sections 6.2(a)(i) and (ii) are true and correct except as the Borrowers have previously disclosed to the Lenders in writing.

6.3 Rollovers, Conversions and Renewals

Except as provided in this Section 6.3, each request by a Borrower for a conversion, rollover, renewal or replacement of an Accommodation as contemplated by Section 3.3 and Section 4.5(a) shall be subject to the condition that at the time of each such request and each such conversion, rollover, renewal or replacement, no Default or Event of Default shall have occurred and be continuing and each such request and the acceptance of each such Accommodation by the applicable Borrower shall be deemed to constitute a representation and warranty to that effect. However:

(a) if a Default has occurred and is continuing and the Borrowers have disclosed that fact to the Administrative Agent or the Lenders in writing, a Borrower may request a rollover, conversion, renewal or replacement (and will not be deemed to have represented that no Default has occurred and is continuing) provided that in such circumstances the Borrowers will not be entitled to make an Interest Rate Election (in the case of a Fixed Rate Advance) or to request a replacement Bankers' Acceptance having an Interest Period or term to maturity, respectively, exceeding thirty (30) days unless the Administrative Agent, in its discretion acting reasonably, consents thereto; and

(b) if an Event of Default has occurred and is continuing, a Borrower may not request a rollover, conversion, renewal or replacement without the prior consent of the Majority Lenders (determined with reference only to the applicable Credit Facility) and each Fixed Rate Advance

outstanding shall be converted to a Base Rate (Canada) Advance on the last day of the Interest Period applicable thereto and each outstanding Bankers' Acceptance shall be converted to a Canadian Prime Rate Advance on its maturity, in each case unless the Majority Lenders (determined with reference only to the applicable Credit Facility) otherwise agree.

6.4 No Waiver

The making of an Accommodation or otherwise giving effect to any Accommodation Notice, without the fulfilment of one or more conditions set forth in Sections 6.1 or 6.2, shall not constitute a waiver of any condition and the Administrative Agent and the Lenders reserve the right to require fulfilment of such condition in connection with any subsequent Accommodation Notice or Accommodation.

6.5 Takeover Notification

(a) In the event a Borrower wishes to utilize Accommodations under a Credit Facility to make a take-over bid (as defined under applicable securities laws but excluding any takeover bids which are exempt from the formal take-over bid rules under such laws) which is unsolicited or the approval of which has not been publicly announced by the board of directors (or its equivalent) of the Person that is the target of the takeover offer (a "**Takeover**"), then either:

(i) such Borrower shall provide to the Administrative Agent evidence satisfactory to the Administrative Agent (acting reasonably) of the agreement of the board of directors or its equivalent of the Person that is the target of the Takeover approving the Takeover and the Administrative Agent shall, no later than the next Business Day thereafter, provide such evidence to the Lenders under the applicable Credit Facility; or

(ii) the following steps shall be followed:

(A) at least five (5) Business Days prior to the delivery of any notice to the Administrative Agent pursuant to Article 3, Article 4 or Article 5 requesting Accommodations intended to be utilized for such Takeover, the president, chief financial officer, treasurer or general counsel of such Borrower shall notify the Administrative Agent of the particulars of such Takeover in sufficient detail to enable each Lender under the applicable Credit Facility to determine whether it has a conflict of financial, economic or other existing business interest (such determination to be made by each Lender in the exercise of its sole discretion having regard to such considerations as it deems appropriate but, in each case, in accordance with its usual and customary practices) if Accommodations from such Lender are to be utilized by such Borrower for such Takeover; and

(B) within one (1) Business Day of being so notified, the Administrative Agent shall in like manner so notify each of the Lenders under the applicable Credit Facility and provide each of the Lenders with the related particulars; and

(C) within three (3) Business Days of the Administrative Agent being so notified;

(I) if a Lender shall not have notified the Administrative Agent and the Borrowers that a conflict of financial, economic or other existing business interest exists, such Lender shall be deemed to have no such conflict of interest; or

(II) if a Lender has notified the Administrative Agent and the Borrowers that such a conflict of financial, economic or other interest exists, then upon the Borrowers and the Administrative Agent being so notified, such Lender shall have no obligation to provide Accommodations directly or indirectly to finance such Takeover notwithstanding any other provision of this Agreement to the contrary.

(b) If any notification has been made by a Lender pursuant to Section 6.5(a)(ii)(C)(II), then, except as provided in Section 6.5(c) below, rateable portions of any Accommodations made to finance the Takeover in respect of which such notice was given shall be determined without reference to the Commitment of such Lender under the applicable Credit Facility; and such notification given by a Lender shall not relieve any other Lender of any of its obligations hereunder, provided that, for certainty, no Lender shall be obligated by this Section to make or provide Accommodations in excess of such Commitment.

(c) If the conflict of interest giving rise to a notification under Section 6.5(a)(ii)(C)(II) ceases to exist (whether by successful completion of the Takeover or otherwise), then the Lender giving such notification shall, in the case of a Eurodollar Rate Advance or Drawing, on the renewal or conversion thereof, or, in the case of a Floating Rate Advance, as soon as practicable on a date to be determined by the Administrative Agent, in each case in respect of the Accommodations made to finance the relevant Takeover, purchase, and the other Lenders shall on a rateable basis sell and assign to such Lender, portions of such Accommodations equal in total to the notifying Lender's rateable portion thereof.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties

The Covenantor represents and warrants to each Lender and the Administrative Agent, acknowledging and confirming that each Lender and the Administrative Agent is relying on such representations and warranties without independent inquiry in entering into this Agreement and, to the extent contemplated by Section 6.2, providing Accommodations, that:

(a) **Incorporation and Qualification.** The Covenantor, each Borrower and each Designated Subsidiary is a corporation duly incorporated, continued or amalgamated, as the case may be, and validly existing under the laws of its jurisdiction of incorporation, has the legal right and all necessary corporate power and authority to own its Assets and carry on its business and is duly qualified, licensed or registered to carry on business under the laws applicable to it in all jurisdictions in which it carries on business the absence of which qualification, licensing or registration would have a Material Adverse Effect.

(b) **Corporate Power.** The Covenantor, each Borrower and, if applicable, each Designated Subsidiary has all requisite corporate power and authority to enter into and perform its obligations under this Agreement and each other Credit Document to which it is a party and do all acts and things and execute and deliver all other documents and instruments as are required hereunder or thereunder to be done, observed or performed by it in accordance with the terms hereof and thereof.

(c) **Conflict with other Instruments.** The execution and delivery by the Covenantor, each Borrower and, if applicable, each Designated Subsidiary and the performance by it of its

obligations under, and compliance with the terms, conditions and provisions of, this Agreement and each other Credit Document to which it is a party will not conflict with or result in a breach of any of the terms, conditions or provisions of:

(i) its Articles or by-laws;

(ii) any applicable Law;

(iii) any material contractual restriction binding on or affecting it or its Assets; or

(iv) any material judgment, injunction, determination or award which is binding on it.

(d) **Corporate Action, Governmental Approvals, etc.** The execution and delivery of each of the Credit Documents to which any of the Covenantor, the Borrowers or, if applicable, any Designated Subsidiary, is a party, and the performance by it of its obligations thereunder have been duly authorized by all necessary corporate action including the obtaining of all necessary shareholder consents. No authorization, consent, approval, registration, qualification, designation, declaration or filing with any Governmental Entity or other Person, is or was necessary in connection with the execution, delivery and performance of the Covenantor's, each Borrower's and, if applicable, each Designated Subsidiary's obligations under the Credit Documents to which it is a party, except such as are in full force and effect, unamended, at the Effective Date.

(e) **Execution and Binding Obligation.** This Agreement and the other Credit Documents to which any of the Covenantor, the Borrowers or, if applicable, any Designated Subsidiary, is a party have been duly executed and delivered by each of the Covenantor, the Borrowers and, if applicable, each such Designated Subsidiary, as the case may be, and constitute legal, valid and binding obligations of each of the Covenantor, the Borrowers and, if applicable, each Designated Subsidiary, as the case may be, enforceable against it in accordance with its respective terms, subject only to any limitation under applicable laws relating to:

(i) bankruptcy, insolvency, reorganization, moratorium or creditors' rights generally; and

(ii) the discretion that a court may exercise in the granting of equitable remedies.

(f) **Authorizations, etc.** Each of the Covenantor, each Borrower and each Designated Subsidiary possesses all authorizations, permits, consents, registrations and approvals necessary to properly conduct its business the absence of which would have a Material Adverse Effect.

(g) **Ownership of Property.** The Assets of the Covenantor, each Borrower and each Designated Subsidiary are free and clear of any Lien except for Permitted Liens and Liens not prohibited by Section 8.2(a).

(h) **No Litigation.** To the Covenantor's knowledge and except as previously disclosed in writing by the Covenantor to the Administrative Agent, there is not now pending or threatened in writing against it, any Borrower or any Designated Subsidiary, any litigation, action, suit or other proceedings by or before any court, tribunal or other Governmental Entity in Canada, the United States of America or elsewhere or before any arbitrator, and which, in any such case, would reasonably be expected to have a Material Adverse Effect having regard to, among other things, applicable insurance coverage, or which purports to affect the legality, validity or enforceability

of this Agreement, any other Credit Document or any other instrument contemplated hereby or thereby.

(i) **Environmental Matters.** None of the Covenantor, the Borrowers or the Designated Subsidiaries:

(i) has failed to comply with any of the requirements of any applicable Environmental Law, the non-compliance with which, alone or in the aggregate, would reasonably be expected to have a Material Adverse Effect; or

(ii) is the subject of any pending or, to the knowledge of the Covenantor, threatened in writing, private or federal, provincial, state or local governmental proceeding or investigation relating to a release of any contaminants into the environment or the workplace, the use, handling, transportation or storage of any contaminants in any of its operations or any contaminants in any other respect, except proceedings which, in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

(j) **Financial Condition.** The Covenantor has delivered to the Administrative Agent a true and complete copy of its audited year-end consolidated financial statements as at December 31, 2013 and its unaudited consolidated financial statements for the Financial Quarter ended June 30, 2014 and such financial statements present fairly the consolidated financial position of the Covenantor, in accordance with GAAP, as of the date thereof and for the financial periods then ended. All financial statements of the Covenantor or each Borrower, as the case may be, which have been or will be delivered to the Administrative Agent pursuant to Section 8.1 present fairly, or will present fairly, as the case may be, the consolidated financial position of the Covenantor and its subsidiaries or the Borrowers and their respective subsidiaries, as the case may be, in accordance with GAAP (except, in the case of unaudited financial statements, for exceptions which are customary for purposes of interim financial reporting and normal year end audit adjustments), as of the dates thereof and for the financial periods then ended.

(k) **Changes.** Since the later of June 30, 2014 and the date to which and as at which the most recent financial statements delivered to the Administrative Agent pursuant to this Agreement have been prepared there has occurred no event which has had a Material Adverse Effect or which would reasonably be expected to have a Material Adverse Effect, except as previously disclosed by the Covenantor to the Administrative Agent in writing.

(l) **Debt.** All payment obligations of the Covenantor, the Borrowers or any of them and any Designated Subsidiary Guarantor hereunder or under any Designated Subsidiary Guarantee (including of the Covenantor under the Guarantee in Article 12 hereof and of each Borrower on a joint and several basis for the obligations of each other Borrower hereunder and of each Designated Subsidiary under its Designated Subsidiary Guarantee), rank at least pari passu in right of payment with the other unsecured and unsubordinated Debt for Borrowed Money of the Borrowers or any of them, the Covenantor and any Designated Subsidiary Guarantor, as the case may be, (except for such claims as are preferred by operation of law).

(m) **Contractual Restrictions.** There are no contractual restrictions with any Person at Arm's Length to the Covenantor, the Borrowers and each Designated Subsidiary on the declaration of dividends or distributions by any Designated Subsidiary which would reasonably be expected to have a Material Adverse Effect.

7.2 Survival of Representations and Warranties

The representations and warranties in this Agreement and in any certificates or documents delivered to the Administrative Agent hereunder shall not merge in or be prejudiced by and shall survive any Accommodation and shall continue in full force and effect as of the date made or given so long as any amounts are owing by either of the Borrowers to the Lenders under this Agreement.

ARTICLE 8
COVENANTS OF THE COVENANTOR

8.1 Affirmative Covenants

So long as any amount owing by any Borrower under this Agreement remains unpaid or any Lender has any obligation under this Agreement, unless consent is given in accordance with Section 12.1, each of the Covenantor and the Borrowers shall:

(a) **Financial Reporting.** Deliver to the Administrative Agent with sufficient copies for each of the Lenders and the Administrative Agent:

(i) subject as hereinafter provided, as soon as practicable and in any event within forty-five (45) days after the end of each Financial Quarter of each Financial Year (except for the last Financial Quarter of each Financial Year), the unaudited interim consolidated financial statements of the Covenantor for such period (and for the year to date) consisting of at least a balance sheet, and statements of earnings, retained earnings and changes in financial position prepared in accordance with GAAP (except for exceptions which are customary for purposes of interim financial reporting and normal year end audit adjustments) with comparative figures for the corresponding period in the preceding Financial Year;

(ii) subject as hereinafter provided, as soon as practicable and in any event within ninety (90) days after the end of each Financial Year, the audited annual consolidated financial statements for such Financial Year for the Covenantor consisting of at least a balance sheet and statements of earnings, retained earnings and changes in financial position in reasonable detail and accompanied by an auditor's report, which report shall not be subject to an Impermissible Qualification;

(iii) as soon as practicable and in any event within forty-five (45) days after the end of each Financial Quarter of each Financial Year (except for the last Financial Quarter of any Financial Year, in which case within 90 days after the end of such Financial Quarter), a certificate of a senior officer of the Covenantor calculating the Financial Covenant as at the end of such Financial Quarter or such Financial Year and certifying no Default or Event of Default has occurred and is continuing;

(iv) forthwith upon sending of same to the Covenantor's shareholders, copies of all reports, financial statements, proxy circulars and other information sent by the Covenantor to such shareholders; and

(v) forthwith upon filing of same, copies of all material change reports filed by the Covenantor with securities regulatory authorities;

provided, however, that the consolidated financial statements specified in Section 8.1(a)(i) and Section 8.1(a)(ii) shall also be provided in respect of CPRC and its Subsidiaries and in respect of each other Borrower that is not a Subsidiary of CPRC at any time that the Covenantor shall carry on any business other than owning shares of CPRC. The requirement to deliver the foregoing financial statements in Section 8.1(a)(i) and (ii) and the information referred to in Section 8.1(a)(iv) and (v) may be satisfied by the Covenantor and, if applicable, CPRC and any other Borrower, posting such financial statements or other information on www.SEDAR.com or on the website of the Covenantor or CPRC, as applicable, within the time periods referred to above and forthwith advising the Administrative Agent that such financial statements and other information have been so posted and the details of any website on which the same have been posted.

(b) **Additional Reporting Requirements.** Deliver to the Administrative Agent (with sufficient copies for each of the Lenders and the Administrative Agent):

(i) as soon as practicable, and in any event within ten (10) days after a senior officer of the Covenantor or a Borrower has knowledge of the occurrence of each Default or Event of Default, a statement of the chief financial officer or treasurer of CPRC or any other officer acceptable to the Administrative Agent setting forth the details of the Default or Event of Default and the action which the Covenantor and the Borrowers propose to take or have taken;

(ii) promptly in writing a notice of any previously undisclosed actions, suits, arbitrations or proceedings pending, taken or threatened before or by any Governmental Entity or other Person against the Covenantor or any of its subsidiaries which if determined adversely to the interests of any of them would have a Material Adverse Effect; and

(iii) promptly in writing a notice of any change in the debt rating assigned to CPRC's senior unsecured and unsubordinated Debt for Borrowed Money by S&P or Moody's.

(c) **Corporate Existence.** Except as otherwise permitted in this Agreement, preserve and maintain, and cause the Designated Subsidiaries to preserve and maintain, its and their respective corporate existence, in each case where failure to do so would reasonably be expected to have a Material Adverse Effect.

(d) **Compliance with Laws, etc.** Comply, and cause each Designated Subsidiary to comply, with the requirements of all applicable Laws, non-compliance with which would reasonably be expected to have a Material Adverse Effect.

(e) **Maintenance of Properties, etc.** Maintain and preserve, and cause the Designated Subsidiaries to maintain and preserve, all of its and their respective Assets used or useful in its and their respective businesses in good repair, working order and condition (reasonable wear and tear excepted), where failure to maintain or preserve the properties in that state would reasonably be expected to have a Material Adverse Effect.

(f) **Insurance.** Insure and keep insured, and cause the Designated Subsidiaries to insure and keep insured, its and their respective Assets, which are of an insurable nature, against such risks, in such amount and in such manner as is usual in the case of corporations similarly situated and operating generally similar Assets and with such reputable insurance companies or associations as it may select; provided that the Covenantor, each Borrower and each Designated Subsidiary may

from time to time adopt other methods or plans of protection, including self-insurance, against risks in substitution or partial substitution for the aforesaid insurance.

(g) **Access to Information.** Subject to the next following sentence, at the request of the Administrative Agent, provide to the Administrative Agent such information in respect of the Covenantor and its subsidiaries as may be reasonably requested by the Administrative Agent. Neither the Covenantor nor the Borrowers shall be required to provide the Administrative Agent or the Lenders, as the case may be, with information under this Section 8.1(g) which is price or commercially sensitive or which it is prohibited by contract or Law to do so or which would require the Covenantor or any of its Subsidiaries to make a securities filing or press release in order to comply with securities disclosure rules as a result of such disclosure to the Lenders.

(h) **Payment of Taxes.** Pay, on or before the date for payment thereof all taxes, assessments and governmental charges or levies imposed upon the Covenantor, any Borrower or any Designated Subsidiary or upon its or their Assets, in each case, the non-payment of which would have a Material Adverse Effect, except any such tax, assessment, governmental charge or levy which is being contested in good faith and by proper proceedings and as to which appropriate reserves have been established in accordance with GAAP, or which is a Permitted Lien.

(i) **Ownership.** Ensure that more than 50% of the economic and voting rights associated with all of the outstanding capital stock of each of the Designated Subsidiaries are owned and controlled, directly or indirectly, by the Covenantor.

8.2 Negative Covenants

So long as any amount owing by any Borrower under this Agreement remains unpaid or any Lender has any obligation under this Agreement, unless consent is given in accordance with Section 12.1, neither the Covenantor nor any of the Borrowers shall:

(a) **Liens.** Create, incur, assume or permit to exist, or permit any Designated Subsidiary to create, incur, assume or permit to exist, any Lien (other than Permitted Liens) on any of its or their Assets securing Debt for Borrowed Money, unless, at the same time or as soon as reasonably practicable thereafter, it secures or causes to be secured equally and rateably with such Debt for Borrowed Money any Accommodations Outstanding and interest, if any, thereon.

(b) **Mergers, Etc.** Enter into or permit any Designated Subsidiary to enter into any merger or consolidation with any other Person unless:

(i) such Person is a wholly-owned Subsidiary of the Covenantor, a Borrower or a Designated Subsidiary, as the case may be, and, in the case of a Borrower, the surviving Person is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada); or

(ii) (A) in the case of the Covenantor, a Borrower or a Designated Subsidiary Guarantor:

(I) the surviving Person assumes, by operation of law or amendment hereto, all of the obligations of the Covenantor or the applicable Borrower or the applicable Designated Subsidiary Guarantor, as applicable, under the Credit Documents, including any covenants therein;

(II) the surviving Person or the Covenantor, another Borrower or a Designated Subsidiary operates a railway and is organized under the laws of Canada or any province of Canada;

(III) the senior unsecured and unsubordinated Debt for Borrowed Money of CPRC or the surviving Person to CPRC, as the case may be, shall have an external debt rating of at least the lesser of:

a. BBB- by S&P, Baa3 by Moody's or BBB(low) from DBRS; and

b. the external senior debt rating assigned to the senior unsecured and unsubordinated Debt for Borrowed Money of CPRC immediately prior to the announcement of such merger or consolidation;

(IV) the Assets of the surviving Person shall not be subject to any Liens other than Permitted Liens and Liens not prohibited under Section 8.2(a); and

(V) the surviving person, in the case of the Covenantor or a Borrower, is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada);

(B) in the case of any Designated Subsidiary, other than a Designated Subsidiary Guarantor, after giving effect to such event, the senior unsecured and unsubordinated Debt for Borrowed Money of CPRC shall have an external debt rating of at least the lesser of:

(I) BBB- by S&P, Baa3 by Moody's or BBB(low) from DBRS; and

(II) the external debt rating assigned to the senior unsecured and unsubordinated Debt for Borrowed Money of CPRC immediately prior to the announcement of such merger or consolidation; and

(C) in all cases, no Default or Event of Default will remain in effect immediately after such merger or consolidation.

(c) **Use of Proceeds.** Unless it has complied with Section 6.5, use or permit the use of the proceeds of any Accommodation, directly or indirectly, to finance any Takeover.

(d) **Disposal of Assets.** Dispose of or permit any Designated Subsidiary to Dispose of, any Asset to any Person, other than Permitted Dispositions.

(e) **Change in Business.** Make any material change in the nature of the Business, or permit a Borrower or any Designated Subsidiary to make any material change in the nature of the Business which would result in the principal business of the Covenantor, the Borrowers and the Designated Subsidiaries, taken as a whole, not being the operation of one or more railway companies in Canada within the meaning of the *Canadian Transportation Act* and one or more railway companies in the United States within the meaning of comparable legislation in the United States.

(f) **Receivables Programs.** Permit the aggregate of the purchase prices paid to the Covenantor, the Borrowers and the Designated Subsidiaries under the outstanding programs of the Covenantor,

the Borrowers and the Designated Subsidiaries for the securitization of accounts receivable to exceed, at any time, Cdn. $500,000,000.

(g) **Covenantor, Borrowers and Designated Subsidiary Property.** Permit, for a period of more than forty-five (45) days after the last day of the first three (3) Financial Quarters of the Financial Year or for a period of more than ninety (90) days after the last day of the Financial Year, an amount equal to:

(i) the aggregate of the total assets of the Covenantor, the Borrowers and the Designated Subsidiaries as determined on an unconsolidated basis as of the last day of such Financial Quarter:

(A) after eliminating any investment in Subsidiaries that are not the Borrowers or Designated Subsidiaries; and

(B) by excluding all amounts which, under the definition of Consolidated Assets, are excluded in determining the Consolidated Assets of the Covenantor reported on a consolidated basis; less

(ii) the aggregate principal amount of Subsidiary Debt and Non-Recourse Debt;

as of the last day of such Financial Quarter to be less than seventy-five percent (75%) of the Consolidated Assets of the Covenantor, as shown on the most recent consolidated balance sheet delivered to the Administrative Agent pursuant to Section 8.1(a)(i) or 8.1(a)(ii), as applicable, and as determined as of the last day of such Financial Quarter and in accordance with GAAP to the extent relevant.

8.3 Financial Covenant

So long as any amount owing by any Borrower under this Agreement remains unpaid or any Lender has any obligation under this Agreement, unless consent is given under Section 12.1, the Covenantor shall maintain, during each Financial Quarter in each Financial Year, a ratio of Funded Debt to Total Capitalization of not more than 65%.

ARTICLE 9
EVENTS OF DEFAULT

9.1 Events of Default

If any of the following events (each an "**Event of Default**") occurs and is continuing:

(a) (i) a Borrower fails to pay any amount of the Accommodations Outstanding (other than a Swingline Advance) when due and payable; or

(ii) a Borrower fails to pay any Swingline Advance when due and payable and such failure remains unremedied for a period of one (1) Business Day following written notice of such failure by the Administrative Agent to the Borrowers;

(b) a Borrower fails to pay any interest or Fees when due and payable and such failure remains unremedied for a period of five (5) Business Days following written notice of such failure by the Administrative Agent to the Borrowers;

(c) the Covenantor fails to perform, observe or comply with any of the covenants contained in Section 8.3 and such failure remains unremedied for thirty (30) Business Days following written notice of such failure by the Administrative Agent to the Borrowers;

(d) any representation or warranty hereunder shall prove to have been inaccurate in any material respect when made or deemed to be made and, if and to the extent such inaccuracy is capable of being remedied, such inaccuracy remains unremedied for thirty (30) days following written notice of such inaccuracy by the Administrative Agent to the Borrowers;

(e) the Covenantor, a Borrower or a Designated Subsidiary Guarantor fails to perform, observe or comply with any other term, covenant or agreement contained in any Credit Document to which it is a party and, except in the case of Section 8.2(g) in which case no cure period shall be applicable, such failure remains unremedied for thirty (30) days following written notice of such failure by the Administrative Agent to the Covenantor, the Borrowers and the applicable Designated Subsidiary Guarantor or, if such failure is curable, such longer period not exceeding ninety (90) days as is reasonably required to remedy such failure;

(f) (i) the Covenantor, a Borrower or any Designated Subsidiary fails to pay the principal of any of its Debt for Borrowed Money (excluding Debt under this Agreement and Non-Recourse Debt) which is outstanding in an aggregate principal amount exceeding the greater of Cdn. $150,000,000 and an amount equal to 2% of Consolidated Equity (or the Equivalent Amount in any other currency) ("**Relevant Debt**") when such amount becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure continues after the applicable grace period, if any, specified in the agreement or instrument relating to such Relevant Debt without waiver of such failure by the holder of such Relevant Debt on or before the expiration of such period; or

(ii) any other event occurs or condition exists (including a failure to pay the premium or interest on such Relevant Debt) and continues after the applicable grace period, if any, specified in any agreement or instrument relating to any such Relevant Debt without waiver of such failure by the holder of such Relevant Debt on or before the expiration of such period, if the effect of such event is to accelerate such Relevant Debt;

(g) any final judgment or order (subject to no further right of appeal) for the payment of money aggregating in excess of the greater of Cdn. $100,000,000 and an amount equal to 2% of Consolidated Equity (or the Equivalent Amount in any other currency) shall be rendered against the Covenantor, a Borrower or any Designated Subsidiary in respect of which enforcement proceedings have been commenced and such proceedings have not been effectively stayed and such Person has not paid or settled such judgment or order within thirty (30) days after enforcement proceedings have been commenced (provided that the foregoing shall not apply to any judgment in respect of Non-Recourse Debt which is enforced solely against the assets securing the same);

(h) the Covenantor, a Borrower or any Designated Subsidiary:

(i) becomes insolvent or generally unable to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors;

(iii) institutes or has instituted against it any proceeding involving or affecting its creditors seeking (x) to adjudicate it a bankrupt or insolvent, (y) liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts, in each case, under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding relating thereto, or (z) the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for any material portion of its properties and assets, and in the case of any such proceeding instituted against it (but not instituted by it), either such Person fails to diligently and actively oppose such proceeding, or any of the relief sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) is given; or

(iv) takes any corporate action to authorize any of the above actions;

(i) the Covenantor shall cease to own, directly or indirectly, 100% of the issued and outstanding shares of each of the Borrowers (unless as a result of a transaction permitted pursuant to Section 8.2(b)); or

(j) the validity of Article 11 or the applicability thereof to the Accommodations or any other obligations purported to be guaranteed thereby or any part thereof shall be disaffirmed by the Covenantor;

then the obligation of the Lenders to make further Accommodations shall immediately terminate and the Administrative Agent may, and shall at the request of the Majority Lenders, declare the Accommodations Outstanding, all accrued interest and Fees and all other amounts payable under this Agreement to be immediately due and payable, without presentment, demand, protest or further notice of any kind, all of which are expressly waived by each of the Borrowers. Any notice to be given under this Section 9.1, if given by facsimile, shall also be sent by prepaid courier to the recipient thereof, provided that the delivery or non-delivery of such notice by prepaid courier shall not affect the validity of such notification by facsimile.

9.2 Remedies Upon Default

(a) Upon a declaration that the Accommodations Outstanding are immediately due and payable pursuant to Section 9.1, the Administrative Agent shall at the request of, or may with the consent of, the Majority Lenders, commence such legal action or proceedings as the Majority Lenders, in their sole discretion, deem expedient, including, the commencement of enforcement proceedings under the Credit Documents all without any additional notice, presentation, demand, protest, notice of dishonour, entering into of possession of any property or assets, or any other action or notice, all of which are expressly waived by the Covenantor and each of the Borrowers. All amounts received by the Administrative Agent following any declaration as provided for in this Section 9.2(a) shall be applied by the Administrative Agent to pay any expenses incurred by it and then to the Accommodations Outstanding and all other amounts owing to the Lenders under the Credit Facilities based on the rateable share of the Accommodations Outstanding to each Lender to the Accommodations Outstanding under the Credit Facilities.

(b) The rights and remedies of the Administrative Agent and the Lenders under the Credit Documents are cumulative and are in addition to, and not in substitution for, any other rights or remedies. Nothing contained in the Credit Documents with respect to the indebtedness or liability of the Covenantor and the Borrowers or any of them to the Administrative Agent and the

Lenders, nor any act or omission of the Administrative Agent or the Lenders with respect to the Credit Documents shall in any way prejudice or affect the rights, remedies and powers of the Administrative Agent and the Lenders under the Credit Documents.

ARTICLE 10
THE ADMINISTRATIVE AGENT AND THE LENDERS

10.1 Appointment and Authority

Each of the Lenders (including, if applicable, in its capacity as a 5 Year Fronting Documentary Credit Lender and the 5 Year Swingline Lender) hereby irrevocably appoints the Person identified elsewhere in this Agreement as the Administrative Agent to act on its behalf as the Administrative Agent hereunder and under the other Credit Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto.

10.2 Rights as a Lender

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Borrower or the Covenantor or any Affiliate thereof as if such Person were not the Administrative Agent and without any duty to account to the Lenders.

10.3 Exculpatory Provisions

(a) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Credit Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Credit Documents that the Administrative Agent is required to exercise as directed in writing by the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Credit Documents), but the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Credit Document or applicable Law; and

(iii) shall not, except as expressly set forth herein and in the other Credit Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrowers or the Covenantor or any of their Affiliates that is communicated to or obtained by the person serving as the Administrative Agent or any of its Affiliates in any capacity.

(b) The Administrative Agent shall not be liable for any action taken or not taken by it:

(i) with the consent or at the request of the applicable Majority Lenders (or such other number or percentage of the Lenders as is necessary, or as the Administrative Agent believes in good faith is necessary, under the provisions of the Credit Documents); or

(ii) in the absence of its own gross negligence or wilful misconduct.

The Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing the Default or Event of Default is given to the Administrative Agent by a Borrower, the Covenantor or a Lender.

(c) Except as otherwise expressly specified in this Agreement, the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into:

(i) any statement, warranty or representation made in or in connection with this Agreement or any other Credit Document;

(ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith;

(iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default;

(iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Credit Document or any other agreement, instrument or document or

(v) the satisfaction of any condition specified in this Agreement, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

10.4 Reliance by Administrative Agent

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of an Accommodation that by its terms must be fulfilled to the satisfaction of a Lender, the 5 Year Fronting Documentary Credit Lender or the 5 Year Swingline Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender, the applicable 5 Year Fronting Documentary Credit Lender or the 5 Year Swingline Lender, unless the Administrative Agent shall have received notice to the contrary from such Lender, the applicable 5 Year Fronting Documentary Credit Lender or the 5 Year Swingline Lender, prior to the making of such Accommodation. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrowers or the Covenantor), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

10.5 Indemnification of Administrative Agent

Each Lender agrees to indemnify the Administrative Agent and hold it harmless (to the extent not reimbursed by the Covenantor, the Borrowers or any Designated Subsidiary), rateably according to its rateable portion (and not jointly or jointly and severally) from and against any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel, which may be incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Credit Documents or the transactions therein contemplated, provided, however, no Lender shall be liable for any portion of such losses, claims, damages, liabilities and related expenses resulting from the Administrative Agent's gross negligence or wilful misconduct.

10.6 Delegation of Duties

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Credit Document by or through any one or more sub-agents appointed by the Administrative Agent from among the Lenders and their respective Affiliates. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The provisions of this Article 10 and other provisions of this Agreement for the benefit of the Administrative Agent shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the Credit Facilities as well as activities as Administrative Agent.

10.7 Replacement of Administrative Agent

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the 5 Year Fronting Documentary Credit Lenders, the 5 Year Swingline Lender and the Borrowers. Upon receipt of any such notice of resignation, the Majority Lenders shall have the right to appoint a successor, which shall be a Lender having an office in Toronto, Ontario or Montreal, Quebec, or an Affiliate of any such Lender with an office in Toronto or Montreal acceptable to the Borrowers, acting reasonably. The Administrative Agent may also be removed at any time by the Majority Lenders upon thirty (30) days' notice to the Administrative Agent and the Borrowers as long as the Majority Lenders, in consultation with the Borrowers, appoint and obtain the acceptance of a successor within such thirty (30) days, which shall be a Lender having an office in Toronto or Montreal, or an Affiliate of any such Lender with an office in Toronto or Montreal acceptable to the Borrowers, acting reasonably.

(b) If no such successor shall have been so appointed by the Majority Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications specified in Section 10.7(a), provided that if the Administrative Agent shall notify the Borrowers and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and:

(i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Credit Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Credit Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed); and

(ii) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Majority Lenders appoint a successor Administrative Agent as provided for in Section 10.7(a).

(c) Upon a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the former Administrative Agent, and the former Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Credit Documents (if not already discharged therefrom as provided in the preceding paragraph). The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the termination of the service of the former Administrative Agent, the provisions of this Article 10 and of Section 12.6(a) shall continue in effect for the benefit of such former Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the former Administrative Agent was acting as Administrative Agent.

10.8 Non-Reliance on Administrative Agent and Other Lenders

Each Lender, each 5 Year Fronting Documentary Credit Lender and the 5 Year Swingline Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender, each 5 Year Fronting Documentary Credit Lender and the 5 Year Swingline Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Credit Document or any related agreement or any document furnished hereunder or thereunder.

10.9 Collective Action of the Lenders

Each of the Lenders hereby acknowledges that to the extent permitted by applicable Law, any remedies provided under the Credit Documents to the Lenders are for the benefit of the Lenders collectively and acting together and not severally and further acknowledges that its rights hereunder are to be exercised not severally, but by the Administrative Agent upon the decision of the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Credit Documents). Accordingly, notwithstanding any of the provisions contained herein, each of the Lenders hereby covenants and agrees that it shall not be entitled to take any action hereunder including any declaration of default hereunder but that any such action shall be taken only by the Administrative Agent with the prior written agreement of the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Credit Documents). Each of the Lenders hereby further covenants and agrees that upon any such written agreement being given, it shall co-operate fully with the Administrative Agent to the extent requested by the Administrative Agent. Notwithstanding the foregoing, in the absence of instructions from the Lenders and where in the sole opinion of the Administrative Agent, acting reasonably and in good faith, the exigencies of the situation warrant such action, the Administrative Agent may without notice to or consent of the Lenders take such action on behalf of the Lenders as it deems appropriate or desirable in the interest of the Lenders.

10.10 Sharing of Payments by Lenders

If any Lender, by exercising any right of setoff or counterclaim or otherwise, obtains any payment or other reduction that might result in such Lender receiving payment or other reduction of a proportion of the aggregate amount of its Accommodations Outstanding under the applicable Credit Facilities or either of them and accrued interest thereon or other obligations hereunder greater than its rateable share thereof as provided herein, then the Lender receiving such payment or other reduction shall:

(a) notify the Administrative Agent of such fact; and

(b) purchase (for cash at face value) participations in the Accommodations Outstanding under the applicable Credit Facilities and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders rateably in accordance with the aggregate amount of principal of and accrued interest on their respective Accommodations Outstanding under the applicable Credit Facilities and other amounts owing them, provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest,

(ii) the provisions of this Section 10.10 shall not be construed to apply to (x) any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Accommodations Outstanding under the applicable Credit Facilities to any assignee or participant; and

(iii) the provisions of this Section 10.10 shall not be construed to apply to (w) any payment made while no Event of Default has occurred and is continuing in respect of obligations of the Borrowers to such Lender that do not arise under or in connection with the Credit Documents, (x) any payment made in respect of an obligation that is secured by a Permitted Lien or that is otherwise entitled to priority over the Borrowers' obligations under or in connection with the Credit Documents, (y) any reduction arising from an amount owing to a Borrower upon the termination of derivatives entered into between the Borrower and such Lender, or (z) any payment to which such Lender is entitled as a result of any form of credit protection obtained by such Lender.

The Borrowers consent to the foregoing and agree, to the extent they may effectively do so under applicable Law, that any Lender acquiring a participation solely pursuant to Section 10.10(b) may exercise against each Borrower rights of setoff and counterclaim and similar rights of Lenders with respect to such participation as fully as if such Lender were a direct creditor of each Borrower in the amount of such participation.

10.11 Reliance Upon Administrative Agent

The Covenantor and any Borrower (if other than the Covenantor) shall be entitled to rely upon any certificate, notice or other document or other advice, statement or instruction provided to it by the Administrative Agent pursuant to this Agreement, and the Covenantor and any Borrower (if other than the Covenantor) shall generally be entitled to deal with the Administrative Agent with respect to matters under this Agreement which the Administrative Agent is authorized to deal with without any obligation

whatsoever to satisfy itself as to the authority of the Administrative Agent to act on behalf of the Lenders and without any liability whatsoever to the Lenders for relying upon any certificate, notice or other document or other advice, statement or instruction provided to it by the Administrative Agent, notwithstanding any lack of authority of the Administrative Agent to provide the same.

10.12 Replacement of BA Reference Lender or Eurodollar Reference Lender

If:

(a) a BA Reference Lender or Eurodollar Reference Lender under a Credit Facility, as the case may be, assigns all of its rights hereunder under such Credit Facility, or otherwise ceases to be a Lender under such Credit Facility or gives notice of its intention to cease being a BA Reference Lender or Eurodollar Reference Lender under such Credit Facility, as the case may be; or

(b) in the opinion of the Administrative Agent (acting reasonably), a BA Reference Lender or Eurodollar Reference Lender under a Credit Facility, as the case may be, is no longer capable of exercising its function as a BA Reference Lender or Eurodollar Reference Lender under such Credit Facility, as the case may be;

then, in each case, the Administrative Agent shall, with the prior written consent of the Borrowers if prior to an Event of Default, appoint another Lender under such Credit Facility (with the latter's consent) to act as a BA Reference Lender or Eurodollar Reference Lender, as the case may be, in replacement thereof.

10.13 Reference Rate Determinations

Each BA Reference Lender and Eurodollar Reference Lender agrees to provide the Administrative Agent with timely information for purposes of determining the applicable Reference Discount Rate or Eurodollar Rate, as the case may be. If any one or more of the BA Reference Lenders or Eurodollar Reference Lenders fail to provide the information to the Administrative Agent, the Administrative Agent shall determine the applicable Reference Discount Rate or Eurodollar Rate, as the case may be, on the basis of timely information provided by the remaining BA Reference Lenders or Eurodollar Reference Lenders under the applicable Credit Facility, as the case may be. The Administrative Agent shall give prompt notice to the applicable Borrower and the applicable Lenders of the Reference Discount Rate or Eurodollar Rate, as the case may be, determined by the Administrative Agent for an applicable Drawing or Interest Period, as the case may be, and the applicable Reference Discount Rate furnished by each applicable BA Reference Lender for determining such Reference Discount Rate or, the applicable Eurodollar Rate furnished by each applicable Eurodollar Reference Lender for determining such Eurodollar Rate, as the case may be.

10.14 The Administrative Agent and Defaulting Lenders

(a) Each Defaulting Lender shall be required to provide to the Administrative Agent cash in an amount, as shall be determined from time to time by the Administrative Agent in its discretion, equal to all obligations of such Defaulting Lender to the Administrative Agent that are owing or may become owing pursuant to this Agreement, including such Defaulting Lender's obligation to pay its rateable share of any indemnification, reimbursement or expense reimbursement amounts not paid by the Borrowers. Such cash shall be held by the Administrative Agent in one or more cash collateral accounts, which accounts shall be in the name of the Administrative Agent and shall not be required to be interest bearing. The Administrative Agent shall be entitled to apply the foregoing cash in accordance with Section 10.14 to amounts owing to the Administrative Agent.

(b) In addition to the indemnity and reimbursement obligations noted in Section 10.5, the Lenders under each Credit Facility agree to indemnify the Administrative Agent (to the extent not reimbursed by the Borrowers and without limiting the obligations of the Borrowers hereunder) rateably according to their respective rateable share (and in calculating a rateable share of a Lender, ignoring the Commitments of Defaulting Lenders under the applicable Credit Facility) for any amount that a Defaulting Lender fails to pay the Administrative Agent under such Credit Facility and which is due and owing to the Administrative Agent pursuant to Section 10.14. Each Defaulting Lender agrees to indemnify each other Lender for any amounts paid by such Lender and which would otherwise be payable by the Defaulting Lender.

(c) The Administrative Agent shall be entitled to set off any Defaulting Lender's rateable share of all payments received from the Borrowers against such Defaulting Lender's obligations to make payments and fund Accommodations required to be made by it under the applicable Credit Facility and to purchase participations required to be purchased by it under this Agreement and the other Credit Documents. To the extent permitted by Law, the Administrative Agent shall be entitled to withhold and deposit in one or more non-interest bearing cash collateral accounts in the name of the Administrative Agent all amounts (whether principal, interest, fees or otherwise) received by the Administrative Agent and due to a Defaulting Lender pursuant to this Agreement, for so long as such Lender is a Defaulting Lender, which amounts shall be used by the Administrative Agent:

(i) first, to reimburse the Administrative Agent for any amounts owing to it, in its capacity as Administrative Agent, by such Defaulting Lender pursuant to any Credit Document;

(ii) second, to reimburse the Lenders for amounts paid to the Administrative Agent pursuant to the Lenders' indemnity obligations under Section 10.14(b);

(iii) third, to repay on a pro rata basis the incremental portion of any Accommodations made by a Lender under a Credit Facility pursuant to Section 12.9(b) and Section 12.9(d) in order to fund a shortfall created by a Defaulting Lender under such Credit Facility and, upon receipt of such repayment, each such Lender shall be deemed to have assigned to the Defaulting Lender such incremental portion of such Accommodations;

(iv) fourth, to cash collateralize all other obligations of such Defaulting Lender to the Administrative Agent owing pursuant to this Agreement in such amount as shall be determined from time to time by the Administrative Agent in its discretion, including such Defaulting Lender's obligation to pay its rateable share of any indemnification, reimbursement or expense reimbursement amounts not paid by the Borrowers; and

(v) fifth, to fund from time to time the Defaulting Lender's rateable share of Borrowings under the applicable Credit Facility.

For greater certainty and in addition to the foregoing, neither the Administrative Agent nor any of its Affiliates nor any of their respective shareholders, officers, directors, employees, agents or representatives shall be liable to any Lender (including a Defaulting Lender) for any action taken or omitted to be taken by it in connection with amounts payable by the Borrowers to a Defaulting Lender and received and deposited by the Administrative Agent in a cash collateral account and applied in accordance with the provisions of this Agreement, save and except for the gross negligence or wilful misconduct of the Administrative Agent as determined by a final non-appealable judgment of a court of competent jurisdiction.

ARTICLE 11
GUARANTEE

11.1 Guarantee

(a) The Covenantor irrevocably and unconditionally guarantees the due and punctual payment to the Lenders and the Administrative Agent, whether at stated maturity, by acceleration or otherwise, of all present and future debts, liabilities and obligations, direct or indirect, absolute or contingent, of each Borrower to the Lenders and the Administrative Agent or any of them arising pursuant to, or in respect of, the Credit Agreement and the other Credit Documents (such obligations collectively being herein called the "**Guaranteed Obligations**"), and promises to pay, on demand, any and all out-of-pocket expenses (including reasonable counsel fees and disbursements) incurred by or on behalf of the Lenders and the Administrative Agent in enforcing any of their respective rights under this Guarantee.

(b) The Covenantor hereby irrevocably and unconditionally agrees to indemnify the Administrative Agent and each of the Lenders from time to time on demand by the Administrative Agent from and against any loss incurred by the Administrative Agent or the Lenders or any of them as a result of any of the obligations of any Borrower under or pursuant to the Credit Agreement or any other Credit Documents being or becoming void, voidable, unenforceable or ineffective against such Borrower for any reason whatsoever, whether or not known to the Administrative Agent or the Lenders or any of them or any other Person, the amount of such loss being limited to the amount which the Person or Persons suffering such Loss would otherwise have been entitled to recover from such Borrower.

11.2 Absolute Liability

The Covenantor guarantees that the Guaranteed Obligations will be paid to the Administrative Agent and Lenders in accordance with the terms and conditions of the Credit Agreement and other Credit Documents, that the Covenantor shall be liable as principal debtor and not solely as surety with respect to the payment of the Guaranteed Obligations and that the liability of the Covenantor under this Guarantee shall be absolute and unconditional irrespective of:

(a) any lack of validity or enforceability of any terms of any of the Credit Documents;

(b) any contest by any Borrower or any other Person as to the amount of the Guaranteed Obligations or the validity or enforceability of any terms of the Credit Documents;

(c) any extension of the time or times for payment of the Guaranteed Obligations the Lenders or the Administrative Agent may grant to any Borrower or any other Person, or amendment to, restatement of, or alteration of this Guarantee or any of the Credit Documents or the Guaranteed Obligations;

(d) the assignment of all or part of the benefits of this Guarantee; and

(e) to the fullest extent permitted by Law, any other circumstances which might otherwise constitute a defence available to, or a discharge of, the Covenantor, any Borrower or any other Person in respect of the Guaranteed Obligations or this Guarantee, other than the payment and performance in full of the Guaranteed Obligations.

11.3 Remedies

The Covenantor agrees that the Lenders and the Administrative Agent need not seek or exhaust their recourse against any Borrower or any other Person before being entitled to payment under this Guarantee.

11.4 Amount of Guaranteed Obligations

Any account settled or stated by or among the Lenders, the Administrative Agent and any Borrower or, if any such account has not been settled or stated immediately before demand for payment under this Guarantee, any account stated by the Administrative Agent shall, in the absence of manifest error, be accepted by the Covenantor as conclusive evidence of the amount of the Guaranteed Obligations which is due by such Borrower to the Lenders and the Administrative Agent or remains unpaid by such Borrower to the Lenders and the Administrative Agent.

11.5 Payment on Demand

Upon the occurrence and during the continuance of an Event of Default, the obligation of the Covenantor to pay the amount of the Guaranteed Obligations and all other amounts payable by it to the Lenders or the Administrative Agent under this Guarantee shall arise, and the Covenantor shall make such payments immediately after demand for same is made in writing to it. The liability of the Covenantor shall bear interest from the date of such demand at the rate or rates of interest then applicable to the Guaranteed Obligations under and calculated in the manner provided in the Credit Documents, without duplication of interest otherwise payable by the Borrowers in respect of the Guaranteed Obligations.

11.6 Postponement

Upon the occurrence and during the continuance of an Event of Default, the Lenders and the Administrative Agent shall be entitled to receive payment of the Guaranteed Obligations in full before the Covenantor is entitled to receive any payment on account of any obligations, liabilities and indebtedness of any Borrower to the Covenantor of any nature whatsoever and all security therefor (the "**Intercorporate Indebtedness**"). In such case, the Intercorporate Indebtedness shall not be released or withdrawn by the Covenantor unless the Administrative Agent's written consent to such release or withdrawal is first obtained. The Covenantor shall not permit the prescription of the Intercorporate Indebtedness by any statute of limitations or ask for or obtain any security or negotiable paper for, or other evidence of, the Intercorporate Indebtedness after the occurrence and during the continuance of an Event of Default.

11.7 Suspension of Covenantor Rights

Until all of the Guaranteed Obligations have been irrevocably paid in full the Covenantor shall not exercise any rights which the Covenantor may at any time have by reason of the performance of any of its obligations under this Guarantee:

(a) to be indemnified by any Borrower;

(b) to claim contribution from any other Covenantor of the debts, liabilities or obligations of any Borrower; or

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Lenders or the Administrative Agent under any of the Credit Documents.

11.8 No Prejudice to Lenders or Administrative Agent

The Lenders and the Administrative Agent shall not be prejudiced in any way in the right to enforce any provision of this Guarantee by any act or failure to act on the part of any Borrower, the Lenders or the Administrative Agent. The Administrative Agent and the Lenders may, at any time and from time to time, in such manner as they may determine is expedient, without any consent of, or notice to, the Covenantor, and without impairing or releasing the obligations of the Covenantor:

(a) change the manner, place or terms of payment or change or extend the time of payment of, or renew or alter, the Guaranteed Obligations;

(b) renew, determine, vary or increase any credit or credit facilities to, or the terms or conditions in respect of any transaction with, any Borrower or any other Person;

(c) release, compound or vary the liability of any Borrower or any other Person liable in any manner under or in respect of the Guaranteed Obligations, and

(d) apply any sums from time to time received to the Guaranteed Obligations.

In their dealings with any Borrower, the Administrative Agent and the Lenders need not enquire into the authority or power of any Person purporting to act for or on behalf of such Borrower.

11.9 Rights of Subrogation

(a) Until all of the Guaranteed Obligations have been irrevocably paid in full the Covenantor:

(i) shall have no right of subrogation to the claims of the Administrative Agent or the Lenders in respect of the Guaranteed Obligations;

(ii) waives, to the fullest extent permitted by applicable Law, any right to enforce any remedy which the Administrative Agent or the Lenders now have or may hereafter have against each Borrower in respect of the Guaranteed Obligations; and

(iii) agrees not to file any claim in insolvency, bankruptcy or reorganization proceedings in respect of any such subrogated claims.

(b) If:

(i) the Covenantor has paid to the Administrative Agent or the Lenders all amounts owing by all of the Borrowers under the Credit Documents; and

(ii) the Guaranteed Obligations have been irrevocably paid in full;

then the Administrative Agent and the Lenders will, at the Covenantor's request and expense, execute and deliver to the Covenantor appropriate documents, without recourse and without representation and warranty, necessary to evidence the transfer by subrogation to the Covenantor of the Administrative Agent and the Lenders' interest in the Guaranteed Obligations resulting from such payment by the Covenantor.

11.10 No Set-off

To the fullest extent permitted by Law, the Covenantor shall make all payments under this Guarantee without regard to any defence, counter-claim or right of set-off available to it.

11.11 Successors of the Borrowers

Any change or changes in the name of or reorganization (whether by way of reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) of any Borrower or of their respective business shall not affect or in any way limit or lessen the liability of the Covenantor under this Guarantee.

11.12 Continuing Guarantee

The guarantee in this Guarantee is a continuing guarantee. It extends to all present and future Guaranteed Obligations, applies to and secures the ultimate balance of the Guaranteed Obligations due or remaining due to the Administrative Agent and the Lenders and shall be binding as a continuing obligation of the Covenantor until the Administrative Agent and the Lenders release the Covenantor, which release shall not be unreasonably withheld or delayed. This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Lenders or the Administrative Agent upon the insolvency, bankruptcy or reorganization of any Borrower or otherwise, all as though such payment had not been made.

11.13 Supplemental Security

This Guarantee is in addition to and without prejudice to and supplemental to all other guarantees held or which may hereafter be held by the Lenders or the Administrative Agent.

11.14 Right of Set-off

Upon the occurrence and during the continuance of any Event of Default and after a demand having been made to the Covenantor for payment of the Guaranteed Obligations, the Administrative Agent and each of the Lenders are authorized by the Covenantor at any time thereafter and from time to time, to the fullest extent permitted by Law (including general principles of common law), to set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Administrative Agent or the Lenders to or for the credit or the account of the Covenantor against any and all of the obligations of the Covenantor to the Administrative Agent and the Lenders hereunder although such obligations may be unmatured or contingent. Such Lender shall promptly notify the Covenantor and the Administrative Agent after any set-off and application is made by it, provided that the failure to give notice shall not affect the validity of the set-off and application. The rights of the Administrative Agent and the Lenders under this Section 11.14 are in addition to and without prejudice to and supplemental to other rights and remedies which the Administrative Agent and the Lenders may have.

11.15 *Interest Act* (Canada)

The Covenantor hereby acknowledges that certain of the rates of interest applicable to the Guaranteed Obligations may be computed on the basis of a year of 360 days, 365 days or 366 days, as the case may be. For purposes of the *Interest Act* (Canada), whenever any interest is calculated using a rate

based on a year of 360 days, 365 days or 366 days, as the case may be, such rate determined pursuant to such calculation, when expressed as an annual rate is equivalent to:

(a) the applicable rate based on a year of 360 days, 365 days or 366 days, as the case may be;

(b) multiplied by the actual number of days in the calendar year in which the period for such interest is payable (or compounded) ends; and

(c) divided by 360, 365 or 366, as the case may be.

11.16 Judgment

(a) If for the purposes of obtaining judgment in any court it is necessary to convert all or any part of the Guaranteed Obligations or any other amount due to a Lender or the Administrative Agent in respect of the Covenantor's obligations under this Guarantee in any currency (the "**Original Currency**") into another currency (the "**Other Currency**"), the Covenantor, to the fullest extent that it may effectively do so, agrees that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Lender or Administrative Agent, as the case may be, could purchase the Original Currency with the Other Currency on the Business Day preceding that on which final judgment is paid or satisfied.

(b) The obligations of the Covenantor in respect of any sum due in the Original Currency from it to any Lender or the Administrative Agent shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Administrative Agent of any sum adjudged to be so due in such Other Currency such Lender or the Administrative Agent may, in accordance with its normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Lender or the Administrative Agent in the Original Currency, the Covenantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Lender or the Administrative Agent against such loss, and if the amount of the Original Currency so purchased exceeds the sum originally due to the Lender or the Administrative Agent in the Original Currency, the Lender or the Administrative Agent agrees to remit such excess to the Covenantor.

ARTICLE 12
MISCELLANEOUS

12.1 Amendment and Waiver

(a) Subject to subSections (b) and (c), no amendment or waiver of any provision of any of the Credit Documents, nor consent to any departure by the Covenantor, the Borrowers or any other Person from such provisions, is effective unless in writing and approved by the Majority Lenders. Any amendment, waiver or consent is effective only in the specific instance and for the specific purpose for which it was given.

(b) Except as herein expressly provided, only written amendments, waivers or consents signed by all affected Lenders shall:

(i) increase a Lender's Commitment or subject any Lender to any additional obligation;

(ii) decrease the principal amount of any required payment, the interest rates, the Applicable Margins, the Applicable Standby Fee Rate or the Fees (other than the Fees payable pursuant to the Agency Fee Letter) as specified herein;

(iii) postpone any date fixed for any payment of principal of, or interest on, any Accommodation Outstanding or any fees;

(iv) amend Section 2.4(b), Section 2.7 (in a manner which would obligate any 5 Year Lender to extend the 5 Year Maturity Date in respect of such Lender) or Section 2.8 (in a manner which would obligate any 1+1 Lender to extend the Term Out Date in respect of such Lender), Section 10.10, Article 11 or Sections 12.10 or 12.13 or release any Designated Subsidiary Guarantee (except to the extent provided for in Section 2.13) or, in any case, consent to any waiver having such effect;

(v) change the number or percentage of Lenders required for the Lenders, or any of them, or the Administrative Agent to take any action;

(vi) change the definition of Majority Lenders;

(vii) change the types of Accommodations available from a Lender;

(viii) amend Section 2.11(c); or

(ix) amend this Section 12.1(b).

(c) The Borrowers and the Administrative Agent, acting together, shall be permitted to waive the minimum amounts specified in Section 12.10 in respect of the participation or assignment by a Lender of its interest in a Credit Facility.

(d) The Administrative Agent shall be entitled to decide upon routine or administrative matters without the necessity of Majority Lender approval.

(e) Only written amendments, waivers or consents signed by the Administrative Agent in addition to the Majority Lenders, shall affect the rights or duties of the Administrative Agent under the Credit Documents.

(f) Any waiver of or any amendment to any provision of the Credit Documents which relates to the rights or obligations of a 5 Year Fronting Documentary Credit Lender shall require the agreement of each 5 Year Fronting Documentary Credit Lender thereto, provided that in the case of Fees payable to a 5 Year Fronting Documentary Credit Lender in such capacity, only the agreement of the applicable 5 Year Fronting Documentary Credit Lender shall be required.

(g) Any waiver of or any amendment to any provision of the Credit Documents which relates to the rights or obligations of the 5 Year Swingline Lender shall require the agreement of the 5 Year Swingline Lender thereto.

(h) Any waiver of or amendment to any provision of the Credit Documents which relates only to the rights or obligations of the Lenders under one Credit Facility but not the other (the "**Affected Credit Facility**"), shall require the agreement of only the Lenders under the Affected Credit Facility with the definition of Majority Lenders being determined by reference only to Lenders under the Affected Credit Facility and their Commitment thereunder and provided that the

provisions of Section 12.1(b) shall apply to any such matters in respect of the Affected Credit Facility mutatis mutandis.

12.2 Waiver

(a) No failure on the part of any Lender or the Administrative Agent to exercise, and no delay in exercising, any right under any of the Credit Documents shall operate as a waiver of such right; nor shall any single or partial exercise of any right under any of the Credit Documents preclude any other or further exercise of such right or the exercise of any other right.

(b) Except as otherwise expressly provided in this Agreement, the covenants, representations and warranties shall not merge on and shall survive the initial Accommodation and, notwithstanding such initial Accommodation or any investigation made by or on behalf of any party, shall continue in full force and effect. The closing of this transaction shall not prejudice any right of one party against any other party in respect of anything done or omitted under this Agreement or in respect of any right to damages or other remedies.

12.3 Evidence of Debt and Accommodation Notices

(a) The indebtedness of each Borrower resulting from Accommodations under the Credit Facilities shall be evidenced by the records of the Administrative Agent acting on behalf of the Lenders which shall constitute prima facie evidence under each Credit Facility of such indebtedness.

(b) Prior to the receipt of any Accommodation Notice, the Administrative Agent may act upon the basis of a notice by telephone (containing the same information as required to be contained in the Accommodation Notice) believed by it in good faith to be from an authorized person representing the applicable Borrower. In the event of a conflict between the Administrative Agent's record of any Accommodation and the Accommodation Notice, the Administrative Agent's record shall prevail, absent manifest error.

12.4 Notices and Electronic Communications

(a) Subject to the next following sentence, any notice, direction or other communication required or permitted to be given under this Agreement shall, except as otherwise permitted, be in writing and given by delivering it or sending it by facsimile:

if to the Covenantor or any Borrower at:

7550 Ogden Dale Rd. S.E.
Calgary, Alberta, T2C 4X9
Attention: Vice President and Treasurer
Facsimile: (403) 319-3615

with a copy to

Attention: Corporate Secretary
Facsimile: (403) 319-6770

if to the Administrative Agent, to it at:

Agency Services Group
20 King Street West, 4th Floor
Toronto, Ontario M5H 1C4
Attention: Manager, Agency
Facsimile: (416) 842-4023

and, if to the Lenders, at the addresses shown on the signature pages hereto or in any assignment and assumption agreement.

Any notice of any change in the particulars of any of the Borrower's Accounts shall be given in accordance with a written protocol to be agreed upon by the applicable Borrower and the Administrative Agent. Any communication shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time) or otherwise on the next Business Day. Any party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to the party at its changed address.

(b) The Administrative Agent shall within five (5) Business Days deliver to each Lender such documents, papers, materials and other information as are furnished by a Borrower or the Covenantor to the Administrative Agent on behalf of the Lenders pursuant to this Agreement (including notices under Section 7.1(h), 7.1(k), 8.1(a), 8.1(b) and 8.1(g)) and, subject to Section 12.4(c), each Borrower and the Covenantor shall provide the Administrative Agent with sufficient copies of all such information for such purpose. The Administrative Agent shall make requests of each Borrower or the Covenantor pursuant to Section 8.1(g) from time to time on behalf of a Lender for such information as such Lender may from time to time reasonably request.

(c) Notices and other communications to the Lenders, the 5 Year Swingline Lender and the 5 Year Fronting Documentary Credit Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to service of process or to notices to any Lender of Accommodations to be made if such Lender has notified the Administrative Agent that it is incapable of receiving notices by electronic communication. The Administrative Agent or the Borrowers may, in their discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

(d) Unless the Administrative Agent otherwise prescribes:

(i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient; and

(ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in Section 12.4(d)(i) of notification that such notice or communication is available and identifying the website address therefor.

12.5 Confidentiality

(a) Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed:

(i) to it, its Affiliates and its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential and that it shall be responsible if any such Person fails to do so);

(ii) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority and bank examiners);

(iii) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process;

(iv) to any other party hereto;

(v) in connection with the exercise of any remedies hereunder or under any other Credit Document or any action or proceeding relating to this Agreement or any other Credit Document or the enforcement of rights hereunder or thereunder;

(vi) subject to an agreement containing provisions substantially the same as those of this Section 12.5, to:

(A) any Assignee of or Participant in, or any prospective Assignee of or Participant in, any of its rights or obligations under this Agreement;

(B) any actual or prospective counterparty (or its advisors) to any swap, derivative, credit-linked note or similar transaction relating to the Covenantor or any Borrower and its obligations; or

(C) any credit rating agency solely in connection with a review, determination or other matter related to the credit ratings of a Lender and not, for certainty, of the Borrowers or the Covenantor;

(vii) with the consent of the Borrowers; or

(viii) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section by the disclosing party or (y) becomes available to the Administrative Agent or any Lender on a non-confidential basis from a source other than an Obligor.

(b) For purposes of this Section 12.5, "**Information**" means all information received in connection with this Agreement from the Covenantor, the Borrowers or any Designated Subsidiary related to

it or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a non-confidential basis prior to such receipt. Any Person required to maintain the confidentiality of Information as provided in this Section 12.5 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Administrative Agent may disclose to any agency or organization that assigns standard identification numbers to loan facilities such basic information describing the facilities provided hereunder as is necessary to assign unique identifiers (and, if requested, supply a copy of this Agreement), it being understood that the Person to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to make available to the public only such Information as such person normally makes available in the course of its business of assigning identification numbers.

12.6 Costs, Expenses and Indemnity

(a) The Borrowers shall, whether or not the transactions contemplated in this Agreement are completed, indemnify and hold each of the Lenders and the Administrative Agent and their Affiliates and each of their respective officers, directors, employees and agents (each an "**Indemnified Person**") harmless from, and shall pay to such Indemnified Person on demand any amounts required to compensate the Indemnified Person for, any claim, loss, cost or expense (including any reasonable legal cost) suffered by, imposed on, or asserted against, the Indemnified Person as a result of, connected with or arising out of:

(i) the preparation, execution and delivery of, preservation of rights under, enforcement of, or refinancing, renegotiation or restructuring of, the Credit Documents and any related amendment, waiver or consent; or

(ii) a default (whether or not constituting a Default or an Event of Default) by the Borrowers or any of them, except to the extent caused by the gross negligence, wilful misconduct or default of the Indemnified Party as finally determined in a non-appealable judgment by a court of competent jurisdiction.

In case any proceeding shall be instituted involving any Person in respect of which indemnity may be sought pursuant to this Section 12.6(a), such Indemnified Person shall promptly notify a Borrower in writing (but failure to do so shall not relieve the Borrowers from any liability which they may have pursuant to this Section 12.6(a) except to the extent the Borrowers shall be prejudiced from instituting or defending any proceeding relating thereto) and the Borrowers, upon request of the Indemnified Person, shall retain counsel satisfactory to the Indemnified Person, acting reasonably, to represent the Indemnified Person and any others the Borrowers may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless:

(iii) the Borrowers and the Indemnified Person shall have mutually agreed to the retention of such counsel; or

(iv) the named parties to any such proceeding include the Borrowers or any of them and the Indemnified Person and representation of such parties by the same counsel would be inappropriate due to actual or potential differing interests between them.

It is understood that the Borrowers shall not, in connection with any proceeding or related proceedings in the same jurisdiction and other than as provided for in the preceding sentence, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such Indemnified Persons, and that all such fees and expenses shall be reimbursed as they are incurred. A certificate as to the amount of any such loss submitted in good faith by a Lender to the Borrowers or any of them shall be prima facie evidence of such amount.

(b) If, with respect to any Lender:

(i) any change in Law of general application, or any change in the interpretation or application of any Law, occurring or becoming effective after the Effective Date and the date that the Lender became a party hereto; or

(ii) compliance by the Lender with any direction, request or requirement (whether or not having the force of law) of any Governmental Entity made or becoming effective after such date;

has the effect of causing any loss to the Lender or reducing the Lender's rate of return by (w) increasing the cost to the Lender of performing its obligations under this Agreement or in respect of any Accommodations Outstanding (including the costs of maintaining any capital, reserve, liquidity or special deposit requirements but other than a reduction resulting from a higher rate or from a change in the calculation of income or capital tax relating to the Lender's income or capital in general), (x) requiring the Lender to maintain any liquidity or maintain or allocate any capital or additional capital or affecting its allocation of capital in respect of its obligations under this Agreement or in respect of any Accommodations Outstanding, (y) reducing any amount payable to the Lender under this Agreement or in respect of any Accommodations Outstanding by any material amount, or (z) causing the Lender to make any payment or to forego any return on, or calculated by reference to, any amount received or receivable by the Lender under this Agreement or in respect of any Accommodations Outstanding, then the Lender may give notice to each relevant Borrower specifying the nature and details of the event giving rise to the loss, together with a certificate of a duly authorized officer of the Lender setting forth the amount necessary to compensate the Lender for such loss and the basis of calculation thereof and the applicable Borrower:

(A) shall, on demand pay such amounts as the Lender specifies as necessary to compensate it for any such loss, reduction or expense, provided that if the Lender fails to give notice to such Borrower within three (3) months of the date on which the Lender should reasonably be expected to have been able to comply with its obligations to notify such Borrower as aforesaid, no payment of any compensation for such loss, reduction or expense shall be required to be made by such Borrower in respect of the period before the date the Lender has complied with its obligations as aforesaid except in circumstances where such loss, reduction or expense is imposed retrospectively; and

(B) may, provided no loss has yet been suffered by the Lender or the applicable Borrower has paid the compensating amount to the Lender, repay the Accommodations Outstanding to such Lender together with interest accrued thereon and unpaid Fees in relation thereto and terminate the Lender's Commitment by notice to such Lender specifying the date of prepayment and such Borrower shall make such prepayment in accordance with such notice.

A certificate as to the amount of any such loss submitted in good faith by a Lender to the Borrowers or any of them shall be prima facie evidence of such amount. Notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States, Canadian or other regulatory authorities, in each case pursuant to Basel III ((i) and (ii) being, the "**New Rules**"), shall in each case be deemed to be a "**change in Law**" for the purposes of this Section 12.6(b), regardless of the date enacted, adopted or issued, in each case (iii) to the extent materially different from that in effect on the date hereof and (iv) to the extent that such New Rules have general application to substantially all of the banks which are subject to the New Rules in question.

(c) The applicable Borrower shall pay to each Lender on demand any amounts required to compensate the Lender for any loss suffered or incurred by it as a result of:

(i) any payment being made in respect of a BA Instrument, other than on the maturity thereof, or in respect of a Eurodollar Rate Advance, other than on the last day of the Interest Period thereof;

(ii) the failure of the applicable Borrower to give any notice in the manner and at the times required by this Agreement;

(iii) the failure of the applicable Borrower to effect an Accommodation in the manner and at the time specified in any Accommodation Notice; or

(iv) the failure of the applicable Borrower to make a payment or a mandatory repayment in the manner and at the time specified in this Agreement.

A certificate as the amount of any such loss submitted in good faith by a Lender to the applicable Borrower shall be prima facie evidence of such amount.

(d) The provisions of this Section 12.6 shall survive the termination of this Agreement and the repayment of all Accommodations Outstanding. Each of the Borrowers acknowledges that neither its obligation to indemnify nor any actual indemnification by it of any Lender, the Administrative Agent or any other Indemnified Person in respect of such Person's losses for the legal fees and expenses shall in any way affect the confidentiality or privilege relating to any information communicated by such Person to its counsel.

12.7 Illegality

If any Lender determines that any applicable Law has made it unlawful, or that any Governmental Entity has asserted that it is unlawful, for any Lender to make or maintain any Accommodation (or to maintain its obligation to make any Accommodation), or to determine or charge interest rates based upon any particular rate, then, on notice thereof by such Lender to the Borrowers through the Administrative Agent, any obligation of such Lender with respect to the activity that is unlawful shall be suspended until such Lender notifies the Administrative Agent and the Borrowers that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrowers shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if conversion would avoid the activity that is unlawful, convert any Accommodations, or take any necessary steps with respect to any Accommodation in order to avoid the activity that is unlawful. Upon any such

prepayment or conversion, the Borrowers shall also pay accrued interest on the amount so prepaid or converted. Each Lender agrees to designate a different office from which it funds its Commitment if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender.

12.8 Taxes

(a) Subject to Section 12.10, each of the Borrowers and the Covenantor agrees to immediately pay any present or future stamp or documentary taxes or any other excise or property taxes, charges, financial institutions duties, debits taxes or similar levies which arise from any payment made by them under any of the Credit Documents or from the execution, delivery or registration of, or otherwise with respect to, any of the Credit Documents (all such taxes, charges, duties and levies being referred to as "**Taxes**") and, for greater certainty, "**Taxes**" shall not include (i) federal or provincial income or capital or franchise taxes, any other taxes imposed on the overall revenue, income, net income, capital or equity of a Lender under the laws of any jurisdiction (ii) any withholding, branch or similar taxes imposed by reason of any Lender being a "non-resident" of Canada and who deals at "non-arms length" with the Borrowers (both for purposes of the *Income Tax Act* (Canada)) or (iii) U.S. federal withholding taxes imposed under FATCA (collectively "**Excluded Taxes**").

(b) Subject to Section 12.10, the Borrowers and the Covenantor shall jointly and severally indemnify the Lenders and the Administrative Agent for the full amount of Taxes paid by the Lenders or the Administrative Agent and any liability (including penalties, interest and expenses) arising from or with respect to such Taxes. Payment under this indemnification shall be made within thirty (30) days from the date the Administrative Agent or the relevant Lender, as the case may be, makes written demand for it. A certificate as to the amount of such Taxes submitted to the Borrowers and the Covenantor or any of them by the Administrative Agent or the relevant Lender shall be prima facie evidence, absent manifest error, of the amount due from the Borrowers or the Covenantor to the Administrative Agent or the Lenders, as the case may be. If, following payment by or on behalf of a Borrower or the Covenantor of any Taxes, any Lender receives a refund, credit, remission, deduction or similar benefit in respect of any such amount (a "**Tax Benefit**"), such Lender shall credit or cause to be credited to the account of the applicable Borrower or the Covenantor, as the case may be, the amount of such Tax Benefit immediately upon the receipt thereof if such Tax Benefit is received by the Lender in the form of a cash payment, or, if such Tax Benefit is in the form of a credit, remission, deduction or similar non-cash form or amount, upon the date on which the Lender utilizes the benefit thereof. Each Lender shall use its reasonable commercial efforts to obtain each such Tax Benefit available to it, but shall not be obligated to seek or obtain or utilize any such Tax Benefit if, in the opinion of the Lender, acting reasonably, such action would subject or impose on the Lender tax or other financial obligations to which it would not have been subject but for the payment by or on behalf of a Borrower or the Covenantor of any Tax and the receipt or utilization of any Tax Benefit in connection with such amount. The Borrowers and the Covenantor shall jointly and severally reimburse the Lenders for all costs and expenses incurred by the Lenders in obtaining any Tax Benefit as provided in this Section 12.8(b).

(c) The provisions of this Section 12.8 shall survive the termination of the Agreement and the repayment of all Accommodations Outstanding.

12.9 Defaulting Lender

(a) Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(i) the standby fees payable pursuant to Section 2.9 shall cease to accrue on the unused portion of the Commitment of such Defaulting Lender;

(ii) a Defaulting Lender shall not be included in determining whether, and the Commitment and the rateable share of the Accommodations Outstanding of such Defaulting Lender shall not be included in determining whether, all Lenders or the Majority Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 12.1(b)), provided that any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that (A) materially and adversely affects such Defaulting Lender differently than other affected Lenders, (B) increases the Commitment or extends the 5 Year Maturity Date or Term Out Date of such Defaulting Lender, or (C) relates to the matters set forth in Sections 12.1(b)(ii), (iii), (v) (insofar as it relates to Section 12.1(b)) and (vii), shall require the consent of such Defaulting Lender; and

(iii) for the avoidance of doubt, the Borrowers shall retain and reserve its other rights and remedies respecting each Defaulting Lender.

(b) If the Administrative Agent has actual knowledge that a Lender is a Defaulting Lender at the time that the Administrative Agent receives an Accommodation Notice, then each other Lender under the applicable Credit Facility shall fund its rateable share of such affected Accommodation (and, in calculating such rateable share, the Administrative Agent shall ignore the Commitments of each such Defaulting Lender under the applicable Credit Facility); provided that, for certainty, no Lender shall be obligated by this Section 12.9(b) to make or provide Accommodations in excess of its Commitment under the applicable Credit Facility. If the Administrative Agent acquires actual knowledge that a Lender is a Defaulting Lender at any time after the Administrative Agent receives, then the Administrative Agent shall promptly notify the Borrowers that such Lender is a Defaulting Lender (and such Lender shall be deemed to have consented to such disclosure). Each Defaulting Lender agrees to indemnify each other Lender for any amounts paid by such Lender under this Section 12.9(b) and which would otherwise have been paid by the Defaulting Lender if its Commitment had been included in determining the rateable share of such affected Accommodations.

(c) Any 5 Year Fronting Documentary Credit Lender or the 5 Year Swingline Lender may require a Defaulting Lender to pay to the Administrative Agent for deposit into an escrow account maintained by and in the name of the Administrative Agent an amount equal to such Defaulting Lenders' maximum contingent obligations hereunder to such 5 Year Fronting Documentary Credit Lender or the 5 Year Swingline Lender.

(d) If any Fronted Documentary Credits or Swingline Advances are outstanding (the Equivalent U.S. $ Amount of the undrawn amount of such Fronted Documentary Credits or Swingline Advances is the "**Defaulting Lender Exposure**") at the time a Lender becomes a Defaulting Lender, then:

(i) to the extent the Defaulting Lender has not provided cash collateral for its Defaulting Lender Exposure pursuant to Section 12.9(c) above, such Defaulting Lender Exposure shall be reallocated among the non-Defaulting Lenders under the 5 Year Facility in accordance with their respective rateable share (disregarding any Defaulting Lender's Commitment under the 5 Year Facility) but only to the extent that the sum of (A) the aggregate Equivalent U.S. $ Amount of the Accommodations Outstanding under the 5 Year Facility made by any non-Defaulting Lender and outstanding at such time, plus (B) such non-Defaulting Lender's rateable share (after giving effect to the reallocation contemplated herein) of the Defaulting Lender Exposure, does not exceed such non-Defaulting Lender's Commitment under the 5 Year Facility; and

(ii) if the reallocation described in Section 12.9(d)(i) above cannot, or can only partially, be effected, the Borrowers shall within one Business Day following notice by the 5 Year Swingline Lender or 5 Year Fronting Documentary Credit Lender prepay amounts outstanding as Swingline Advances and under Fronted Documentary Credits to the extent any such reallocation cannot be effected (in the case of Fronted Documentary Credits by the deposit of cash in accordance with Section 5.11(a), the provisions of which Section shall apply thereto as if a demand has been made pursuant thereto by each 5 Year Fronting Documentary Credit Lender in respect of the applicable amount of each outstanding Fronted Documentary Credits).

(e) So long as any Lender is a Defaulting Lender under the 5 Year Facility, a 5 Year Fronting Documentary Credit Lender or the 5 Year Swingline Lender, as applicable, shall not be required to issue any Fronted Documentary Credits or make any Swingline Advances unless, in each case, it is satisfied that the related exposure will be 100% covered by the Commitment of non-Defaulting Lenders in accordance with Section 12.9(d) and participating interests in any such newly issued Fronted Documentary Credits or Swingline Advances shall be allocated among non-Defaulting Lenders in a manner consistent with Section 12.9(d); and

(f) If any Lender shall cease to be a Defaulting Lender, then, upon becoming aware of the same, the Administrative Agent shall notify the other Lenders and (in accordance with the written direction of the Administrative Agent) such Lender (which has ceased to be a Defaulting Lender) shall purchase, and the other Lenders shall on a rateable basis sell and assign to such Lender, portions of the Accommodations Outstanding equal in total to such Lender's rateable share thereof without regard to Section 12.9(a).

12.10 Successors and Assigns

(a) This Agreement shall become effective when executed and delivered by the Borrowers, the Covenantor, the Administrative Agent and each Lender and after such time shall be binding upon and enure to the benefit of the Borrowers, the Covenantor, the Lenders, the Administrative Agent and their respective successors and permitted assigns.

(b) Except as permitted by Sections 2.1(d) and 8.2(b), neither the Covenantor nor either of the Borrowers shall have the right to assign its rights or obligations under this Agreement or any interest in this Agreement without the prior consent of all the Lenders.

(c) A Lender may:

(i) grant participations in all or any part of its interest in either Credit Facility to one or more Persons (each a "**Participant**"); or

(ii) upon prior written notice to the Administrative Agent and with the prior written consent of the Administrative Agent and (as long as no Event of Default has occurred and is continuing) the prior written consent of each Borrower, in each case, not to be unreasonably withheld and in the case of a Borrower, to be deemed to have been provided within 5 Business Days if a Borrower has not responded to any request for consent within 5 Business Days of any consent being requested, assign all or any part of its interest in either Credit Facility to one or more financial institutions, except that upon the occurrence and during the continuance of an Event of Default a Lender may assign all or any part of its interest in either Credit Facility to one or more Persons without the prior written consent of any Borrower, (each an "**Assignee**"), provided, in each case, that (w) after giving effect to any partial assignment, no Lender holds an interest less than U.S. $10,000,000 in the applicable Credit Facility, (x) such interest or part of its interest, as the case may be, is (if less than all of its interest in the applicable Credit Facility) not less than U.S.. $10,000,000 and integral multiples of Cdn. $1,000,000 over and above such amount, (y) such Assignee becomes a party to this Agreement pursuant to an assignment and assumption agreement substantially in the form of Schedule 8, and (z) such Assignee acknowledges and agrees that payments made to such Assignee pursuant to this Agreement may be subject to Excluded Taxes but that, in accordance with Section 12.8, the Assignee is not entitled to indemnification under either Section 12.8 or any other provision hereof with respect to any such Excluded Taxes and agrees that it will not be entitled to indemnification with respect to any such Excluded Taxes. Notwithstanding the foregoing and without the consent of each Borrower or the Administrative Agent but with the payment of the aforementioned U.S. $3,500, a Lender may, at any time, assign all or any part of its Commitment under either Credit Facility to an Affiliate of the Lender or to an Approved Fund, provided that any such assignment shall be subject to part (z) of the preceding sentence and the Lender remains responsible for, and is not released from, any and all funding obligations hereunder of such Lender. A Lender granting a participation shall continue to be liable hereunder as a Lender notwithstanding any such participation and shall act on behalf of all of its Participants in all dealings with the Borrowers in respect of the applicable Credit Facility. No Participant shall have any voting or consent rights with respect to any matter requiring the Lenders' consent and the Borrowers shall not be responsible for any increased costs arising in any way from any participation. Any assignment (including any assignment effected by the amendment or amendment and restatement hereof) of all or any part of a Lender's Commitment under the 5 Year Facility to any Person shall be subject to the prior written approval (not to be unreasonably withheld) of each 5 Year Fronting Documentary Credit Lender and the 5 Year Swingline Lender. In the case of an assignment, the Assignee shall have the same rights and benefits and be subject to the same limitations under the Credit Documents as it would have if it was a Lender under the applicable Credit Facility, provided that no Assignee shall be entitled to receive any greater payment, on a cumulative basis, pursuant to Sections 12.6 and 12.8 than the Lender which granted the assignment would have been entitled to receive. No Person shall be entitled to become a 5 Year Swingline Lender or 5 Year Fronting Documentary Credit Lender hereunder unless such Person is or becomes, concurrently therewith, a Lender under the 5 Year Facility. Notwithstanding the foregoing, a Lender shall be entitled to assign, pledge or grant a security interest in all or a portion of its Accommodations Outstanding under either Credit Facility to any Federal Reserve Bank or central bank in Canada or the United States, provided that it shall be a term and condition of any such assignment, pledge or security interest that any realization thereon which would result in a person becoming a Lender under the applicable Credit Facility where the consents in this Section 12.10(c)(ii) would otherwise be required, that such Federal Reserve Bank or

central bank shall be required (and shall so acknowledge) that all such consents shall be obtained unless such Federal Reserve Bank or central bank is becoming the Lender.

(d) The Covenantor and each Borrower (if other than the Covenantor) shall provide such certificates, acknowledgments and further assurances in respect of this Agreement and the Credit Facility as such Lender may reasonably require in connection with any assignment pursuant to this Section 12.10.

(e) A Lender may deliver to the Borrowers an assignment and assumption agreement substantially in the form of Schedule 8, by which an Assignee of the Lender assumes the obligations and agrees to be bound by all the terms and conditions of this Agreement under either Credit Facility, all as if the Assignee had been an original party under the applicable Credit Facility. Upon receipt by the Administrative Agent of a processing fee of U.S. $3,500 payable by the assigning Lender in the case of any assignment by such assigning Lender to a Person who is not an Affiliate of such assigning Lender and, in each case, the assignment and assumption agreement, the assigning Lender, each of the Covenantor and the Borrowers (if other than the Covenantor) shall be released from its respective obligations under this Agreement (to the extent of such assignment and assumption) and shall have no liability or obligations to each other to such extent, except in respect of matters arising prior to the assignment.

(f) Notwithstanding the foregoing, a Lender shall be entitled to assign, pledge or grant a security interest in all or a portion of the Borrowings advanced by it to any Federal Reserve Bank or central bank in Canada or the United States, provided that it shall be a term and condition of any such assignment, pledge or security interest that for any realization thereon which would result in a person becoming a Lender where the consents in this Section 12.10(f) would otherwise be required, that such Federal Reserve Bank or central bank shall be required (and shall so acknowledge) to obtain all such consents unless such Federal Reserve Bank or central bank is becoming the Lender.

12.11 Right of Set-off

If an Event of Default has occurred and is continuing, each of the Lenders is hereby authorized at any time and from time to time to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender to or for the credit or the account of the Covenantor or the Borrowers against any and all of the obligations of the Covenantor and the Borrowers now or hereafter existing under this Agreement or any other Credit Document to such Lender, irrespective of whether or not such Lender has made any demand under this Agreement or any other Credit Document and although such obligations of the Covenantor and the Borrowers may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each the Lenders under this Section 12.11 are in addition to other rights and remedies (including other rights of setoff, consolidation of accounts and bankers' lien) that the Lenders may have. Each Lender agrees to promptly notify the Covenantor or the Borrowers, as applicable, and the Administrative Agent after any such setoff and application, but the failure to give such notice shall not affect the validity of such setoff and application.

12.12 Accommodations by Lenders

(a) The failure of any Lender to make an Accommodation under a Credit Facility shall not relieve any other Lender under such Credit Facility of its obligations in connection with such Accommodation, but no Lender is responsible for any other Lender's failure in respect of an

Accommodation. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Accommodation that such Lender will not make available to the Administrative Agent such Lender's share of such Accommodation, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with the provisions of this Agreement concerning funding by Lenders and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Accommodation available to the Administrative Agent, then such Lender shall pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the applicable Borrower to but excluding the date of payment to the Administrative Agent, at a rate determined by the Administrative Agent in accordance with prevailing banking industry practice on interbank compensation. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Accommodation included in such Accommodation. If the Lender does not do so forthwith, the applicable Borrower shall pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon at the interest rate applicable to the Accommodation in question. Any payment by a Borrower shall be without prejudice to any claim such Borrower may have against a Lender that has failed to make such payment to the Administrative Agent.

(b) Unless the Administrative Agent shall have received notice from a Borrower prior to the date on which any payment is due to the Administrative Agent for the account of any Lender hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute the amount due to the Lenders. In such event, if such Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at a rate determined by the Administrative Agent in accordance with prevailing banking industry practice on interbank compensation.

12.13 Judgment Currency

(a) If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due to a Lender in any currency (the "**Original Currency**") into another currency (the "**Other Currency**"), the parties agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, such Lender could purchase the Original Currency with the Other Currency on the Business Day preceding the day on which final judgment is given or, if permitted by applicable law, on the day on which the judgment is paid or satisfied.

(b) The obligations of any Borrower in respect of any sum due in the Original Currency from it to any Lender under any of the Credit Documents shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Lender of any sum adjudged to be so due in the Other Currency, the Lender may, in accordance with normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Lender in the Original Currency, the applicable Borrower agrees, as a separate obligation and notwithstanding the judgment, to indemnify the Lender, against any loss, and, if the amount of the Original Currency so purchased exceeds the sum originally due to the Lender in the Original Currency, the Lender shall remit such excess to the applicable Borrower.

12.14 Interest on Accounts

Except as may be expressly provided otherwise in this Agreement, all amounts owed by the Borrowers or any of them to the Administrative Agent and to any of the Lenders, which are not paid when due (whether at stated maturity, on demand, by acceleration or otherwise) shall bear interest (both before and after default and judgment), from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal at all times to:

(a) the Canadian Prime Rate in effect from time to time plus the Applicable Margin, in respect of amounts payable in Cdn. $; and

(b) the Base Rate (Canada) in effect from time to time plus the Applicable Margin, in respect of amounts payable in U.S. $.

12.15 Governing Law

(a) This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the laws of Canada applicable therein.

(b) The Covenantor and each Borrower irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the Province of Alberta, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Credit Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Credit Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Credit Document against the Covenantor or any Borrower or its properties in the courts of any jurisdiction.

(c) The Covenantor and each Borrower irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Credit Document in any court referred to in Section 12.15(a). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

12.16 Waiver of Jury Trial

Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement or any other Credit Document or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory). Each party hereto:

(a) certifies that no representative, agent or attorney of any other person has represented, expressly or otherwise, that such other person would not, in the event of litigation, seek to enforce the foregoing waiver; and

(b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the other Credit Documents by, among other things, the mutual waivers and certifications in this Section 12.16.

12.17 Anti-Money Laundering Legislation

(a) The Covenantor and each Borrower acknowledges that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" applicable laws, whether within Canada or elsewhere (collectively, including any guidelines or orders thereunder, "**AML Legislation**"), the Lenders and the Administrative Agent may be required to obtain, verify and record information regarding the Covenantor, the Borrowers and the Designated Subsidiaries and their directors, authorized signing officers, direct or indirect shareholders or unitholders or other persons in control of the Covenantor, the Borrowers and/or any such Designated Subsidiary, and the transactions contemplated hereby. The Covenantor and each Borrower shall promptly: (i) provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or the Administrative Agent, or any prospective assignee of a Lender or the Administrative Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence; and (ii) if requested from time to time, notify the recipient of any such information of any changes thereto.

(b) If, upon the written request of any Lender, the Administrative Agent has ascertained the identity of the Covenantor, the Borrowers or any Designated Subsidiary or any authorized signatories of the Covenantor, the Borrowers or any Designated Subsidiary for the purposes of applicable AML Legislation on such Lender's behalf, then the Administrative Agent;

(i) shall be deemed to have done so as an agent for such Lender, and this Agreement shall constitute a "written agreement" in such regard between such Lender and the Administrative Agent within the meaning of applicable AML Legislation; and

(ii) shall provide to such Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the foregoing, each of the Lenders agrees that the Administrative Agent has no obligation to ascertain the identity of the Covenantor, the Borrowers or any Designated Subsidiary or any authorized signatories of the Covenantor, the Borrowers or any Designated Subsidiary, on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from the Covenantor, the Borrowers or any Designated Subsidiary or any such authorized signatory in doing so.

12.18 Counterparts; Electronic Execution

(a) This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Credit Documents and the Agency Fee Letter with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) The words "execution," "signed," "signature," and words of like import in any assignment and assumption agreement in the form of Schedule 8 shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the *Electronic Transactions Act* (Alberta), Parts 2 and 3 of the *Personal Information Protection and Electronic Documents Act* (Canada), the *Electronic Commerce Act, 2000* (Ontario) and other similar federal or provincial laws based on the *Uniform Electronic Commerce Act* of the Uniform Law Conference of Canada or its *Uniform Electronic Evidence Act*, as the case may be.

12.19 Further Assurances

Each of the Covenantor, the Borrowers, the Lenders and the Administrative Agent shall promptly cure any default by it in the execution and delivery of any of the Credit Documents. The Covenantor and the Borrowers, at their expense, shall promptly execute and deliver to the Administrative Agent, upon request by the Administrative Agent (acting reasonably), all such other and further deeds, agreements, opinions, certificates, instruments, affidavits, registration materials and other documents reasonably necessary for the Covenantor's and the Borrowers' compliance with, or accomplishment of, the covenants and agreements of the Covenantor and the Borrowers hereunder or more fully to state the obligations of the Covenantor and the Borrowers as set out herein or to make any registration or recording, file any notice or obtain any consent, all as may be reasonably necessary or appropriate in connection therewith.

12.20 Severability

If any provision of this Agreement shall be deemed by any court of competent jurisdiction to be invalid or void, the remaining provisions hereof shall remain in full force and effect.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective authorized officers as of the date first above written.

CANADIAN PACIFIC RAILWAY COMPANY,
as Borrower

Per: /s/ Darren Yaworksy
Name: Darren Yaworksy
Title: Vice-President and Treasurer

CPR SECURITIES LTD., as Borrower

Per: /s/ Darren Yaworksy
Name: Darren Yaworksy
Title: Vice-President and Treasurer

CANADIAN PACIFIC RAILWAY LIMITED,
as Covenantor

Per: /s/ Darren Yaworksy
Name: Darren Yaworksy
Title: Vice-President and Treasurer

THE ADMINISTRATIVE AGENT

ROYAL BANK OF CANADA

Per: "signed"
Authorized Signatory

Address: Agency Services Group
20 King Street West, 4th Floor
Toronto, Ontario
M5H 1C4

Facsimile: (416) 842-4023
Attention: Manager, Agency

THE LENDERS

ROYAL BANK OF CANADA

Per: /s/ Tim Vandegriend
Tim Vandegriend
Authorized Signatory

Address: RBC Capital Markets
3900, 888 – 3rd Street S.W.
Calgary, Alberta
T2P 5C5

Facsimile: (403) 292-3234
Attention: Tim Vandegriend

JPMORGAN CHASE BANK, N.A., Toronto Branch

Per: /s/ Robert P. Kellas
Robert P. Kellas
Executive Director

Address: 200 Bay Street, Suite 1800
Royal Bank Plaza, South Tower
Toronto, Ontario
M5J 2J2

Facsimile: (416) 981-9138
Attention: Drew McDonald

THE TORONTO-DOMINION BANK

Per: /s/ David Radomsky
David Radomsky
Director

Per: /s/ Glen Cameron
Glen Cameron
Director

Address: 3600, 421 – 7th Avenue S.W.
Calgary, Alberta
T2P 4K9

Facsimile: (403) 292-2772
Attention: Glen Cameron

MORGAN STANLEY BANK, N.A.

Per: "signed"
Authorized Signatory

Address: One Utah Center
201 South Main Street, 5th Floor
Salt Lake City, Utah
84111

Facsimile: (718) 233-0967
Attention: Carrie D. Johnson

BANK OF TOKYO-MITSUBISHI (UFJ) (CANADA)

Per: "signed"
Authorized Signing Officer

Address: Suite 950 Park Place
666 Burrard St.
Vancouver, BC
V6C 3L1

Facsimile: (604) 691-7311
Attention: Davis Stewart, Executive Vice President and General Manager

CITIBANK, N.A., Canadian Branch

Per: "signed"
Authorized Signing Officer

Per:
Authorized Signing Officer

Address: 4000, 525 – 8th Avenue S.W.
Calgary, Alberta
T2P 1G1

Facsimile: (403) 398-1693
Attention: Managing Director, Institutional Client Group

BANK OF AMERICA, N.A., CANADA BRANCH

Per: "signed"
Medina Sales de Andrade, Vice President

Address: 200 Front Street West
Toronto, Ontario
M5V 3L2

Facsimile: (416) 349-4282
Attention: Medina Sales de Andrade

With copies of notices to:

Address: Bank of America, N.A.
Corporate Credit Risk
540 West Madison St.
Chicago, IL 60661
Mail Stop: IL 4-540-22-23

Attention: Irene Bartenstein
Facsimile: (312) 453-3142

BANK OF MONTREAL

Per: /s/ Mark Jonson
Authorized Signing Officer
Associate

Per: /s/ Carol McDonald
Authorized Signing Officer
Vice President

Address: 900, 525 - 8th Avenue S.W.
Calgary, Alberta
T2P 1G1

Facsimile: (403) 515-3650
Attention: Carol McDonald

THE BANK OF NOVA SCOTIA

Per: /s/ Anuj Dhawan
Anuj Dhawan, Managing Director

Per: /s/ Christina Brennan
Christina Brennan, Associate Director

Address: Corporate Banking - Diversified Industries Group
62nd Floor
40 King Street West
Toronto, Ontario
M5W 2X6

Facsimile: (416) 866-2010
Attention: Anuj Dhawan, Managing Director

CANADIAN IMPERIAL BANK OF COMMERCE

Per: /s/ Ben Fallico
Ben Fallico, Executive Director

Per: /s/ Kevin Charko
Kevin Charko, Executive Director

Address: 161 Bay Street, 8th Floor
Toronto, Ontario
M5J 2S8

Facsimile: (416) 956-3810
Attention: Ben Fallico/Max Herrera

WELLS FARGO BANK N.A., CANADIAN BRANCH

Per: "signed"
Authorized Signing Officer

Address: 40 King Street West
Suite 3200
Toronto, Ontario
M5H 3Y2

Facsimile: 704-715-1061
Attention: Marc-Philippe Piche, Director

HSBC BANK CANADA

Per: /s/ Jean-Philippe Gariazzo
Jean-Philippe Gariazzo , Director

Per: /s/ Glen Chui
Glen Chui, Analyst

Address: 800, 407 – 8th Avenue S.W.
Calgary, Alberta
T2P 1E5

Facsimile: (403) 693-8556
Attention: Director, Global Banking

ALBERTA TREASURY BRANCHES

Per: "signed"
Authorized Signing Officer

Per: /s/ Rah Thanawala
Authorized Signing Officer
Associate Director

Address: 600, 444 - 7th Avenue S.W.
Calgary, Alberta
T2P 0X8

Facsimile: (403) 974-6025
Attention: Shawn Bunnin
Director, Corporate Financial Services

NATIONAL BANK OF CANADA

Per: /s/ Richard Lo
Authorized Signing Officer
Richard Lo, Director

Per: /s/ Ian Gillespie
Authorized Signing Officer
Ian Gillespie, Managing Director

Address: 130 King Street West, Suite 3200
P.O. Box 428
Toronto, Ontario
M5X 1E3

Facsimile: (416) 869-6545
Attention: Ian Gillespie/Richard Lo

SUMITOMO MITSUI BANKING CORPORATION OF CANADA

Per: /s/ E.R. Langley
E.R. Langley
Senior Vice President

Per: _____
Authorized Signing Officer

Address: Suite 1400, Ernst & Young Tower
Toronto Dominion Centre
P.O. Box 172
222 Bay Street
Toronto, Ontario
M5K 1H6

Facsimile: (416) 367-3565
Attention: Senior Vice President

SCHEDULE 1

COMMITMENTS

5 Year Facility

(all amounts in U.S. $)

Lender	5 Year Commitment	5 Year Fronting Documentary Commitment	5 Year Swingline Commitment
Royal Bank of Canada	$82,500,000	$110,000,000	$50,000,000
JPMorgan Chase Bank, N.A., Toronto Branch	$82,500,000		
The Toronto-Dominion Bank	$82,500,000	$110,000,000	
Morgan Stanley Bank, N.A.	$32,500,000		
Bank of Tokyo-Mitsubishi (UFJ) Canada	$50,000,000		
Citibank, N.A., Canadian Branch	$82,500,000		
Bank of America, N.A., Canada Branch	$82,500,000	$40,000,000	
Bank of Montreal	$82,500,000	$40,000,000	
The Bank of Nova Scotia	$82,500,000	$40,000,000	
Canadian Imperial Bank of Commerce	$82,500,000	$40,000,000	
Wells Fargo Bank N.A., Canadian Branch	$82,500,000		
HSBC Bank Canada	$82,500,000		
Alberta Treasury Branches	$35,000,000	$30,000,000	
National Bank of Canada	$32,500,000		
Sumitomo Mitsui Banking Corporation of Canada	$25,000,000		
	U.S. $1,000,000,000	U.S. $410,000,000	U.S. $50,000,000

1+1 Facility

(all amounts in U.S. $)

Lender	1+1 Commitment
Royal Bank of Canada	$82,500,000
JPMorgan Chase Bank, N.A., Toronto Branch	$82,500,000
The Toronto-Dominion Bank	$82,500,000
Morgan Stanley Bank, N.A.	$32,500,000
Bank of Tokyo-Mitsubishi (UFJ) Canada	$50,000,000
Citibank, N.A., Canadian Branch	$82,500,000
Bank of America, N.A., Canada Branch	$82,500,000
Bank of Montreal	$82,500,000
The Bank of Nova Scotia	$82,500,000
Canadian Imperial Bank of Commerce	$82,500,000
Wells Fargo Bank N.A., Canadian Branch	$82,500,000
HSBC Bank Canada	$82,500,000
Alberta Treasury Branches	$35,000,000
National Bank of Canada	$32,500,000
Sumitomo Mitsui Banking Corporation of Canada	$25,000,000
	U.S. $1,000,000,000

SCHEDULE 2

FORM OF BORROWING NOTICE

[Date]

Royal Bank of Canada
20 King Street West, 4th Floor
Toronto, Ontario M5H 1C4

Attention: Manager, Agency
Agency Services Group

Dear Sirs:

The undersigned Borrower refers to the credit agreement dated as of September 26, 2014 (as amended, supplemented or restated from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined) among Canadian Pacific Railway Company and CPR Securities Ltd. **[add others if applicable]** (each referred to herein as a "**Borrower**" and collectively the "**Borrowers**"), the Administrative Agent and the Lenders, and hereby gives you notice pursuant to Section 3.2 of the Credit Agreement that the undersigned Borrower hereby requests a Borrowing under the **[5 Year Facility/1+1 Facility]**, and, in that connection sets forth below the information relating to such Borrowing as required by Section 3.2 of the Credit Agreement:

The date of the Borrowing, being a Business Day, is ●.

The Type of Advance requested is ●.

The aggregate amount of the Borrowing is ●.

The initial Interest Period applicable to the Borrowing is ● **[if applicable]**.

Special Instructions, if any, ●.

Yours truly,

CANADIAN PACIFIC RAILWAY COMPANY

Per: _____
Authorized Signatory

[or CPR SECURITIES LTD. or additional Borrower, as applicable]

Per: _____
Authorized Signatory]

SCHEDULE 3

FORM OF CONVERSION/CONTINUANCE ELECTION NOTICE

[Date]

Royal Bank of Canada
20 King Street West, 4th Floor
Toronto, Ontario M5H 1C4

Attention: Manager, Agency
Agency Services Group

Dear Sirs:

The undersigned Borrower refers to the credit agreement dated as of September 26, 2014 (as amended, supplemented or restated from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined) among Canadian Pacific Railway Company and CPR Securities Ltd. **[add others if applicable]** (each referred to herein as a "**Borrower**" and collectively the "**Borrowers**"), the Administrative Agent and the Lenders, and hereby gives you notice pursuant to Section 3.3 of the Credit Agreement and in respect of the **[5 Year Facility/1+1 Facility]** that the undersigned Borrower hereby elects to **[change or convert one Type of Advance to another Type of Advance or Type of Accommodation under the Credit Agreement] [continue a Eurodollar Rate Advance for an additional Interest Period]** and, in that connection, sets forth below the information relating to such election as required by Section 3.3(b) of the Credit Agreement:

(a) If the Type of Advance is to be changed or converted:

(i) the Type of Advance to be changed is ●;

(ii) the new Type of Advance or Type of Accommodation is ●;

(iii) the date of such change, being a Business Day, is ●;

(iv) **[the initial Interest Period applicable to such Advance is ● days; and] [if applicable]**.

(v) **[the tenor of the Drafts to be accepted and purchased is ● and the maturity date thereof is ●; and] [if applicable]**

(vi) special instructions, if any, ●.

(b) If the Advance is a Eurodollar Rate Advance which is to continue as a Eurodollar Rate Advance for an additional Interest Period, the subsequent Interest Period applicable to such Advance is ● days.

Yours truly,

CANADIAN PACIFIC RAILWAY COMPANY

Per: _____
Authorized Signatory

[or CPR SECURITIES LTD. or additional Borrower, as applicable

Per: _____
Authorized Signatory]

SCHEDULE 4

FORM OF DRAWING NOTICE

[BANKERS ACCEPTANCE]

[Date]

Royal Bank of Canada
20 King Street West, 4th Floor
Toronto, Ontario M5H 1C4

Attention: Manager, Agency
Agency Services Group

Dear Sirs:

The undersigned Borrower refers to the credit agreement dated as of September 26, 2014 (as amended, supplemented or restated from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined) among Canadian Pacific Railway Company and CPR Securities Ltd. **[add others if applicable]** (each referred to herein as a "**Borrower**" and collectively the "**Borrowers**"), the Administrative Agent and the Lenders, and hereby gives you notice pursuant to Section 4.3 of the Credit Agreement and in respect of the **[5 Year Facility/1+1 Facility]** that the undersigned Borrower hereby requests a Drawing under the Credit Agreement, and, in that connection sets forth below the information relating to such Drawing as required by Section 4.3(a) of the Credit Agreement:

(a) The Drawing Date of the Proposed Drawing, being a Business Day, is ●.

(b) The aggregate Face Amount of Drafts to be accepted and purchased is Cdn. $●.

(c) The tenor for such Drafts is ● and the maturity date thereof is ●.

(d) Special instructions, if any, ●.

Yours truly,

CANADIAN PACIFIC RAILWAY COMPANY

Per: _____
Authorized Signatory

[or CPR SECURITIES LTD. or additional Borrower, as applicable

Per: _____
Authorized Signatory]

SCHEDULE 5

FORM OF ISSUE NOTICE

[DOCUMENTARY CREDITS]

[Date]

Royal Bank of Canada
20 King Street West, 4th Floor
Toronto, Ontario M5H 1C4

Attention: Manager, Agency
Agency Services Group

- AND IF APPLICABLE -

[Applicable Fronting Documentary Credit Lender]

Dear Sirs:

The undersigned Borrower refers to the credit agreement dated as of September 26, 2014 (as amended, supplemented or restated from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined) among Canadian Pacific Railway Company and CPR Securities Ltd. **[and others if applicable]** (each referred to herein as a "**Borrower**" and collectively the "**Borrowers**"), the Administrative Agent and the Lenders, and hereby gives you notice pursuant to Section 5.2 of the Credit Agreement and in respect of the 5 Year Facility that the undersigned Borrower hereby requests an Issue under the 5 Year Facility of a **[Fronted/Non-Fronted]** Documentary Credit, and, in that connection, sets forth below the information relating to such Issue as required by Section 5.2(a) of the Credit Agreement:

(a) The date of the Issue, being a Business Day, is ●.

(b) The aggregate Face Amount of such Documentary Credit is $●.

(c) **[5 Year Fronting Documentary Credit Lender: ●. [If applicable].]**

(d) The expiration date of such Documentary Credit, being a Business Day, is ● **[and the provisions relating to extension, if any, are: ●]**

(e) The proposed type of Documentary Credit is ●.

(f) The Documentary Credit [is/is not] a direct credit substitute under the Capital Adequacy Guidelines.

(g) The name and address of the Beneficiary is ●.

(h) Special instructions, if any, ●.

Yours truly,

CANADIAN PACIFIC RAILWAY COMPANY

Per: _____
Authorized Signatory

[or CPR SECURITIES LTD. or additional Borrower, as applicable

Per: _____
Authorized Signatory]

SCHEDULE 6

NOTICE PERIODS AND AMOUNTS

Type of Accommodation	Borrowing Notice Drawing Notice, or Issue Notice (Sections 3.2(a), 4.3(a), 5.2(a)	Election Notice (Section 3.3(b))	Conversion (Section 3.3(b))	Reductions and Prepayment (Section 2.6)	Amount and Currency of Accommodations*
Canadian Prime Rate Advance	1 Business Days under the 5 Year Facility and same day under the 1+1 Facility	1 Business Days	1 Business Days	3 Business Days	Cdn. $10,000,000 and integral multiples of $1,000,000
Base Rate (Canada) Advance	1 Business Days under the 5 Year Facility and same day under the 1+1 Facility	1 Business Days	1 Business Days	3 Business Days	U.S. $10,000,000 and integral multiples of U.S. $1,000,000
Eurodollar Rate Advance	3 Business Days	3 Business Days	3 Business Days	3 Business Days	U.S. $10,000,000 and integral multiples of U.S. $1,000,000
Bankers' Acceptances	2 Business Days	-	-	-	Cdn. $10,000,000 and integral multiples of Cdn. $1,000,000
Documentary Credits	3 Business Days	-	-	-	-

In the case of conversion, the notice period applicable to the other Type of Accommodation or Advance into which an Accommodation is to be converted must also be observed. The day on which any notice is given is included and the day on which the specified action is to occur is excluded in calculating the notice period.

The notice periods and amounts specified herein shall not apply to Swingline Advances.

*These minimums shall not apply to any draw of the remaining available Commitment under a Credit Facility.

SCHEDULE 7

APPLICABLE STANDBY FEE RATE AND APPLICABLE MARGINS

5 Year Facility

Senior Unsecured Debt Rating as Assigned by S&P or Moody's respectively	Standby Fee	Canadian Prime Rate Advances/ Base Rate (Canada) Advances	Eurodollar Rate Advance/BA Instruments/Documentary Credits
A2/A or higher	12 bps	0 bps	80 bps
A-/A3	15 bps	0 bps	100 bps
BBB+/Baa1	18 bps	20 bps	120 bps
BBB/Baa2	21.75 bps	45 bps	145 bps
BBB-/Baa3	30 bps	70 bps	170 bps
BB+/Ba1 or lower	42.5 bps	120 bps	220 bps

*The "**Applicable Standby Fee Rate**" and "**Applicable Margins**" are expressed herein in basis points per annum. The Applicable Standby Fee Rate and the Applicable Margins shall be the basis points which correspond to the higher of the senior unsecured debt ratings assigned by S&P and Moody's. If there are two or more gradations between senior unsecured debt ratings assigned by S&P and Moody's, the senior unsecured debt rating one below the higher senior unsecured debt rating shall apply. If only one of S&P and Moody's has assigned a senior unsecured debt rating to CPRC's senior unsecured debt, then the Applicable Standby Fee Rate and the Applicable Margin shall correspond to that senior unsecured debt rating. If neither S&P nor Moody's has assigned a senior unsecured debt rating to CPRC's senior unsecured debt, then the Applicable Standby Fee Rate and the Applicable Margin shall be deemed to be the Applicable Standby Fee Rate and the Applicable Margin that would apply at the relevant time if CPRC had a rating equal to BB+ assigned by S&P and Ba1 assigned by Moody's.

Fees for a Documentary Credit which is not a direct credit substitute for the purposes of the Capital Adequacy Guidelines, as determined by the Agent acting reasonably, shall be calculated using an Applicable Margin equal to 50% of the applicable "**Documentary Credit**" fee set out above.

1+1 Facility

Senior Unsecured Debt Rating as Assigned by S&P or Moody's respectively	Standby Fee	Canadian Prime Rate Advances/ Base Rate (Canada) Advances	Eurodollar Rate Advance/ BA Instruments
A2/A or higher	5 bps	0 bps	80 bps
A-/A3	7.5 bps	0 bps	100 bps
BBB+/Baa1	9.5 bps	20 bps	120 bps
BBB/Baa2	12 bps	45 bps	145 bps
BBB-/Baa3	17.5 bps	70 bps	170 bps
BB+/Ba1 or lower	27.5 bps	120 bps	220 bps

*The "**Applicable Standby Fee Rate**" and "**Applicable Margins**" are expressed herein in basis points per annum. The Applicable Standby Fee Rate and the Applicable Margins shall be the basis points which correspond to the higher of the senior unsecured debt ratings assigned by S&P and Moody's. If there are two or more gradations between senior unsecured debt ratings assigned by S&P and Moody's, the senior unsecured debt rating one below the higher senior unsecured debt rating shall apply. If only one of S&P and Moody's has assigned a senior unsecured debt rating to CPRC's senior unsecured debt, then the Applicable Standby Fee Rate and the Applicable Margin shall correspond to that senior unsecured debt rating. If neither S&P nor Moody's has assigned a senior unsecured debt rating to CPRC's senior unsecured debt, then the Applicable Standby Fee Rate and the Applicable Margin shall be deemed to be the Applicable Standby Fee Rate and the Applicable Margin that would apply at the relevant time if CPRC had a rating equal to BB+ assigned by S&P and Ba1 assigned by Moody's.

During the Term Period of a 1+1 Lender, the Applicable Margin for Eurodollar Rate Advances and BA Instruments shall increase by 75 bps per annum for all levels and the Applicable Margin for Canadian Prime Rate Advances and Base Rate (Canada) Advances shall be equal to the Applicable Margin for Eurodollar Rate Advances and BA Instruments for each applicable level minus 100 bps per annum (but never less than zero).

SCHEDULE 8

ASSIGNMENT AND ASSUMPTION AGREEMENT

Assignment and Assumption Agreement dated as of ● among [**name of assignor]** (the "**Assignor**"), a Lender under the Credit Agreement (as hereinafter defined), Royal Bank of Canada (the "**Administrative Agent**"), as Administrative Agent for the Lenders under the Credit Agreement, Canadian Pacific Railway Company and CPR Securities Ltd. **[add additional Borrowers, if applicable]** (the "**Borrowers**") and **[name of assignee]** (the "**Assignee**").

WHEREAS Royal Bank of Canada, as administrative agent and such other Persons (as that term is defined in the Credit Agreement hereinafter defined and referred to) as may from time to time be parties to the Credit Agreement (collectively, together with Royal Bank of Canada in its capacity as a lender, the "**Lenders**") have agreed to make certain credit facilities available to the Borrowers upon the terms and conditions contained in a credit agreement dated as of September 26, 2014 among the Borrowers, the Administrative Agent and the Lenders (such credit agreement as it may at any time or from time to time be amended, supplemented, restated or replaced, the "**Credit Agreement**");

AND WHEREAS the Assignor has agreed to assign and sell to the Assignee all of its right, title and interest in and to **[describe the applicable Credit Facility and the portion of the Commitment and Accommodations Outstanding being assigned under such Credit Facility]**, and all right, title and interest of the Assignor in and to the Credit Documents to the extent relating thereto (collectively, the "**Assigned Credit Facility**"), and the Assignee has agreed to accept and purchase the Assigned Credit Facility and assume all liabilities and obligations of the Assignor in respect of the Assigned Credit Facility (collectively, such assignment, sale, purchase and assumption is hereinafter referred to as the "**Assignment**");

AND WHEREAS all necessary consents, if any, to the Assignment have been obtained;

AND WHEREAS the Assignor and the Assignee are required to enter into this Agreement pursuant to Section 12.10(e) of the Credit Agreement;

NOW THEREFORE, in consideration of the foregoing premises, the sum of $10.00 in lawful money of Canada now paid by the Borrowers, the Administrative Agent, the Assignor and the Assignee to each other party and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by each such party, the parties agree as follows:

1. **Definitions.** Terms defined in the Credit Agreement which appear in this Agreement without definition shall have the meanings ascribed to them in the Credit Agreement.

2. **Conveyance of Interest in Credit Facility.** The Assignor assigns, sells, conveys and transfers to the Assignee all of its undivided interest in and to the Assigned Credit Facility as and from the date upon which this Assignment is entered on the records of the Administrative Agent kept pursuant to Section 12.3 of the Credit Agreement.

3. **Assumption.** The Assignee accepts and assumes the Assigned Credit Facility and assumes and agrees to be bound by all of the terms and conditions of the Credit Agreement and the other Credit Documents as if it were an original Lender and party to them with a Lender's Commitment equal to the Lender's Commitment included in the Assigned Credit Facility (plus, where the Assignee is already a Lender, its Lender's Commitment on the date hereof) and acknowledges and expressly assumes in the name, place and stead of the Assignor all obligations and liabilities

attaching to the Assigned Credit Facility and agrees to perform all of the terms, conditions and agreements on its part to be performed as a Lender in respect thereof under the Credit Agreement and the other Credit Documents.

4. **Representations, Warranties and Covenants.**

(a) The Assignor represents and warrants to the Assignee that the outstanding principal amount of the Assigned Credit Facility as set forth in Schedule A remains outstanding as Accommodations Outstanding under the Assigned Credit Facility.

(b) The Assignee represents and warrants to each other Party to this Agreement that it has the capacity and power to enter into this Assignment in accordance with its terms and to perform its obligations, and all action required to authorize the execution and delivery of this Agreement, and the performance of such obligations, has been duly taken.

5. **Assignee's Acknowledgments.** The Assignee acknowledges and agrees that:

(a) it has received a copy of the Credit Agreement and the other Credit Documents;

(b) it is not entitled to receive any greater payment, on a cumulative basis, pursuant to Sections 12.6 and 12.8 of the Credit Agreement than the Assignor would be entitled to receive before this Assignment;

(c) it acknowledges that payments made to it pursuant to the Credit Documents may be subject to Excluded Taxes and that, as provided for in Section 12.8(b) of the Credit Agreement, it is not entitled to be indemnified therefor;

(d) it will be bound by all of the terms, conditions and covenants of the Credit Agreement and the other Credit Documents and, subject to (b), entitled to the same rights and benefits thereof and is subject to the same limitations hereunder and under the other Credit Documents as it would have if it were an original Lender and signatory to the Credit Agreement with a Lender's Commitment equal to the Lender's Commitment included in the Assigned Credit Facility (plus, where the Assignee is already a Lender, its Lender's Commitment on the date hereof); and

(e) it has, independently and without reliance upon the Assignor (other than those representations and warranties contained in this Agreement) and on the basis of such documents and information as it deems appropriate, made its own credit decision regarding this Assignment.

Except for documents referred to in (a) above which the Assignor has already received, the Assignor shall not have any duty to provide the Assignee with any credit or other information concerning the affairs, financial condition or business of any of the Borrowers or other third party.

6. **Recognition as Lender.** The parties acknowledge and agree that the Assignee is:

(a) by virtue of compliance with the provisions of Section 12.10(e) of the Credit Agreement, and

(b) by virtue of the Assignor paying to the Administrative Agent the processing fee in accordance with Section 12.10(e) of the Credit Agreement, effective upon the date upon which this Assignment is entered on the records of the Administrative Agent kept pursuant to Section 12.3 of the Credit Agreement, a Lender under and as defined in the Credit Agreement for the purposes of the Credit Agreement and for all of the Credit Documents and bound by the terms, conditions and covenants, and, subject to Section 5(b), entitled to the benefits thereof as if it were an original Lender and signatory with a Lender's Commitment equal to the Lender's Commitment included in the Assigned Credit Facility (plus, where the Assignee is already a Lender, its Lender's Commitment on the date hereof), and the Borrowers shall be entitled as and from this date to deal exclusively and directly with the Assignee in respect of all matters relating to the Assigned Credit Facility and the Credit Documents as they relate thereto.

7. **Governing Law.** This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

8. **Enurement.** This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

9. **Counterparts.** This Agreement may be executed in counterparts (including by way of facsimile) and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Assignment under the hands of their proper officers duly authorized in that behalf as of the date first above written.

[ASSIGNOR]

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer

[ASSIGNEE]

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer

Consented to by the undersigned this _____ day of _____, 200●.

CANADIAN PACIFIC RAILWAY COMPANY

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer

CPR SECURITIES LTD.

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer

[other Borrowers, if applicable]

The undersigned acknowledges this Assignment and covenants to enter forthwith this Assignment on the records kept by it pursuant to Section 12.3 of the Credit Agreement.

Dated this _____ day of _____, 200●.

ROYAL BANK OF CANADA, as Administrative Agent

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer

ROYAL BANK OF CANADA, as 5 Year Swingline Lender

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer

[[●], as 5 Year Fronting Documentary Credit Lender]

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer

[NTD: consent of 5 Year Swingline Lender and 5 Year Fronting Documentary Credit Lender only required for assignments of 5 Year Facility]

SCHEDULE "A"

Lender	Assigned Lender's Commitment	Assigned Advances Outstanding
●	$●	$●

SCHEDULE 9

FORM OF REPAYMENT NOTICE

[ORDINARY COURSE REPAYMENT]

[Date]

Royal Bank of Canada
20 King Street West, 4th Floor
Toronto, Ontario M5H 1C4

Attention: Manager, Agency
Agency Services Group

Dear Sirs:

The undersigned Borrower refers to the credit agreement dated as of September 26, 2014 (as amended, supplemented or restated from time to time the "**Credit Agreement**", the terms defined therein being used herein as therein defined) among Canadian Pacific Railway Company and CPR Securities Ltd. **[add others if applicable]** (each referred to herein as a "**Borrower**" and collectively the "**Borrowers**"), the Administrative Agent and the Lenders, and hereby gives you notice pursuant to Section 2.6 of the Credit Agreement that the undersigned Borrower will be making the following repayment of an Advance **[5 Year Facility/1+1 Facility]** under the Credit Agreement, and in that connection, sets forth below the information relating to such repayment:

(a) The date of the repayment, being a Business Day, is ●;

(b) The Type of Advance to be repaid is ●;

(c) The amount to be repaid is Cdn. $●;

(d) The repayment is to be applied to ● **[the applicable Credit Facility/the Swingline Commitment]**.

Yours truly,

CANADIAN PACIFIC RAILWAY COMPANY

Per: _____
Authorized Signatory

[or CPR SECURITIES LTD. or additional Borrower, as applicable

Per: _____
Authorized Signatory]

SCHEDULE 10

FORM OF OPTIONAL REDUCTION OF COMMITMENT NOTICE

[Date]

Royal Bank of Canada
20 King Street West, 4th Floor
Toronto, Ontario M5H 1C4

Attention: Manager, Agency
Agency Services Group

Dear Sirs:

The undersigned Borrowers refer to the credit agreement dated as of September 26, 2014 (as amended, supplemented or restated from time to time, the "**Credit Agreement**", the terms defined therein being used herein as therein defined) among Canadian Pacific Railway Company and CPR Securities Ltd. **[add others if applicable]** (collectively, the "**Borrowers**"), the Administrative Agent and the Lenders, and hereby give you notice pursuant to Section 2.6 of the Credit Agreement that the Borrowers hereby request that the **[5 Year Commitment/1+1 Commitment]** under the Credit Agreement be reduced, and, in that connection sets forth below the information relating to such reduction as required by Section 2.6 of the Credit Agreement:

(a) The amount of the reduction is Cdn. $●; and

(b) The commencement date of such reduction, being a Business Day, is ●;

The Accommodations Outstanding exceed the **[5 Year Commitment/1+1 Commitment]** (as reduced) by Cdn. $●, and in accordance with Section 2.6, the follow sets forth the details of the Accommodations Outstanding to be repaid **[if applicable]**:

(a) **[Insert details of the Advances to be repaid including Type, maturity date, and amount]**

Yours truly,

CANADIAN PACIFIC RAILWAY COMPANY

Per: _____
Authorized Signatory

CPR SECURITIES LTD.

Per: _____
Authorized Signatory

[additional Borrowers]

Per: _____
Authorized Signatory]

SCHEDULE 11

FORM OF NON-FRONTED DOCUMENTARY CREDIT

INTL TRADE CENTRE-ONTARIO
180 Wellington Street W.
9th Floor
Toronto, Ontario M5J 1J1

Date Of Issue:_____ Date Of Expiry:_____
Place Of Expiry:_____

Beneficiary:_____ Applicant:_____
Name Name
Address Address

Amount:_____
_____

Irrevocable Letter Of Credit No. _____

We, the Issuing Banks, hereby issue in your favour this irrevocable Letter of Credit which is available by payment against your written demand addressed to Royal Bank of Canada, International Trade Centre-Ontario, 180 Wellington Street West, Toronto, Ontario, M5J 1J1, bearing the clause: - "Drawn under Letter of Credit No. _____ issued by Royal Bank of Canada, International Trade Centre-Ontario, 180 Wellington Street West, Toronto, Ontario, M5J 1J1 on behalf of the Issuing Banks," when accompanied by the following documents:

1. **[Particular drawing requirements to be described]**

2. The original of this Letter of Credit for our endorsement of any payment.

Partial drawings are permitted.

Special Condition:

Each Issuing Bank hereby irrevocably undertakes, severally according to the percentage set forth next to its signature below (such Issuing Bank's "**Applicable Percentage**") and not jointly with any other Issuing Bank, that documents presented in strict compliance with the terms of this Letter of Credit will be duly honoured by paying to Royal Bank of Canada as administrative agent (the "**Administrative Agent**") such Issuing Bank's share (according to its Applicable Percentage) of the amount of such drawing. The Administrative Agent hereby irrevocably undertakes that any amount so received by it will be made available to you by promptly crediting the payment so received, in like funds, in accordance with your instructions.

The obligation of each Issuing Bank under this Letter of Credit is several and not joint and several and shall at all times be an amount equal to such Issuing Bank's Applicable Percentage of the aggregate undrawn amount of this Letter of Credit (and of each drawing under this Letter of Credit).

This Letter of Credit has been executed and delivered by the Administrative Agent in the name and on behalf of, and as attorney-in-fact for, each Issuing Bank. The Administrative Agent is authorized to act under this Letter of Credit as the agent of each Issuing Bank to (i) receive demands for payment and other documents presented by you under this Letter of Credit, (ii) determine whether such demands and documents are in compliance with the terms and conditions of this Letter of Credit and (iii) notify each Issuing Bank that a valid drawing has been made and the date that the related disbursement is to be made. The Administrative Agent irrevocably undertakes that it will promptly notify each Issuing Bank of any valid drawing under this Letter of Credit.

By your acceptance hereof, you agree that the Administrative Agent shall have no obligation or liability to honour any drawing under this Letter of Credit with the exception of the amount committed to by it in its capacity as an Issuing Bank, and that neither any Issuing Bank nor the Administrative Agent shall be responsible for the failure of any other Issuing Bank to make a payment to be made by such other Issuing Bank hereunder. This Letter of Credit sets forth in full the terms of our and each Issuing Bank's undertaking, and such undertaking is not subject to any agreement, requirement or qualification and shall not in any way be amended, modified, amplified or limited by reference to any document, instrument or agreement referred to herein or in which this Letter of Credit is referred to or to which this Letter of Credit relates (other than the annexes attached hereto, if any), and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement. The obligation of each Issuing Bank under this Letter of Credit is the individual obligation of such Issuing Bank and is in no way contingent upon reimbursement to any drawing hereunder.

Each Issuing Bank's obligation to pay is irrevocable, absolute and unconditional and, in furtherance and support thereof and without limiting the irrevocable, absolute and unconditional nature of each Issuing Bank's obligations to the Beneficiary hereunder, any demand by the Beneficiary shall be honoured without any inquiry as to the Beneficiary's rights to make such demand, without regard to or recognition of any contractual rights, claims or defences (legal or equitable) of the Applicant against the Beneficiary and without regard to any other defence to the Beneficiary's demand for payment, arising as a result of any dispute between the Beneficiary and the Applicant or between the Applicant and the Issuing Banks.

[Provisions relating to extension, if any, to be described]

But for the fact that this Letter of Credit is issued by a number of Issuing Banks, it is otherwise issued subject to the Uniform Customs and Practices for Documentary Credits, International Chamber of Commerce Publication No. 600 and shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein (without regard to conflicts of laws provisions). Each of the Issuing Banks hereby irrevocably attorns to the non-exclusive jurisdiction of the Alberta courts and waives any claim that any such courts lack jurisdiction over it.

This **[Letter of Credit may not be assigned or transferred; provided that this]** Letter of Credit shall enure to the benefit of any successor by operation of law of the named Beneficiary hereof, including, without limitation, any liquidator, receiver or trustee for such named Beneficiary.

[**An Issuing Bank may, subject to the replacement thereof with a new Bank having the minimum credit rating set forth below or with your consent (as applicable), cease to be a party to, and a new Bank may become a party to, this Letter of Credit, and the Applicable Percentage of an Issuing Bank may change; provided that no such event will reduce the then available amount under this**

Letter of Credit. Upon the occurrence of any such event, the Administrative Agent will provide prompt notice to you of such event, including any change in the identities of the Issuing Banks severally but not jointly liable in respect of the aggregate undrawn amount of this Letter of Credit (based upon their respective Applicable Percentages thereof) and any change in such Applicable Percentages. If a new Bank becomes a party to this Letter of Credit and the credit rating of such new Bank (or its parent) is lower than [A-] as rated by Standard and Poor's or [A3] as rated by Moody's Investor Service, Inc. or the equivalent by any other recognized rating agency, the consent of the Beneficiary to such change shall be required.]

Very truly yours,

ROYAL BANK OF CANADA, as Administrative Agent

By: _____
Name:
Title:

Applicable Percentage	Issuing Banks
_____%	**[NAME OF BANK]** **By: ROYAL BANK OF CANADA, as Administrative Agent** By: _____ Name: Title:
_____%	**[NAME OF BANK]** **By: ROYAL BANK OF CANADA, as Administrative Agent** By: _____ Name: Title:
_____%	**[NAME OF BANK]** **By: ROYAL BANK OF CANADA, as Administrative Agent** By: _____ Name: Title:

SCHEDULE 12

REQUEST FOR EXTENSION

Date:

Royal Bank of Canada
20 King Street West, 4th Floor
Toronto, Ontario M5H 1C4

Attention: Manager, Agency Services

We refer to the Credit Agreement dated as of September 26, 2014 between CANADIAN PACIFIC RAILWAY COMPANY and CPR SECURITIES LTD. as Borrowers, CANADIAN PACIFIC RAILWAY LIMITED as Covenantor and a syndicate of Lenders with ROYAL BANK OF CANADA, as Administrative Agent as amended from time to time (as so amended, the "**Credit Agreement**"). Capitalized terms used herein have the same meaning as in the Credit Agreement.

In accordance with Section **[2.7/2.8]** of the Credit Agreement, we hereby request that the Lenders under the **[5 Year Facility/1+1 Facility]** extend the **[5 Year Maturity Date/Term Out Date]** for a period of **[●]** such that the New **[5 Year Maturity Date/Term Out Date]** shall be **[●]**.

Yours truly,

CANADIAN PACIFIC RAILWAY COMPANY

Per: _____
Authorized Signatory

CPR SECURITIES LTD.

Per: _____
Authorized Signatory

Exhibit 10.46

FIRST AMENDING AGREEMENT

THIS AGREEMENT dated as of June 15, 2015.

AMONG:

CANADIAN PACIFIC RAILWAY COMPANY ("**CPRC**") and **CPR SECURITIES LIMITED** ("**CPR Securities**") as Borrowers,

and

CANADIAN PACIFIC RAILWAY LIMITED (the "**Covenantor**"), as Covenantor

OF THE FIRST PART

and

ROYAL BANK OF CANADA, a Canadian chartered bank, as administration agent of the Lenders (hereinafter referred to as the "**Agent**"),

OF THE SECOND PART

and

EACH PERSON NAMED ON THE SIGNATURE PAGES HEREOF in their capacity as a Lender (hereinafter collectively referred to as the "**Lenders**" and individually, a "**Lender**"),

OF THE THIRD PART

WHEREAS the parties hereto entered into the Credit Agreement;

AND WHEREAS the parties hereto have agreed to amend and supplement certain provisions of the Credit Agreement as set out herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by each of the parties hereto, the parties hereto covenant and agree as follows:

1. INTERPRETATION

1.1 In this Agreement and the recitals hereto, unless something in the subject matter or context is inconsistent therewith:

"**Agreement**" means this first amending agreement, as amended, modified, supplemented or restated from time to time;

"**Amended Credit Agreement**" means the Credit Agreement as amended and supplemented by this Agreement, and as the same may be further amended, modified, supplemented or restated from time to time;

"**Credit Agreement**" means the credit agreement dated as of September 26, 2014 between the Borrowers, the Agent and the Lenders; and

"**Effective Date**" means the date on which all of the conditions precedent in Section 4.1 of this Agreement have been satisfied or waived by the Lenders.

1.2 Capitalized terms used herein without express definition shall have the same meanings herein as are ascribed thereto in the Credit Agreement.

1.3 The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Section or other portion hereof and include any agreements supplemental hereto. Unless expressly indicated otherwise, all references to "Section" or "Sections" are intended to refer to a Section or Sections of the Credit Agreement.

2. AMENDMENTS TO CREDIT AGREEMENT

2.1 Effective as of the Effective Date, all of the Lenders agree the Credit Agreement is amended by:

(a) adding the following definition in alphabetical order:

""**EBITDA**" means for any period, on a consolidated basis and without duplication, the sum of the Covenantor's:

(a) consolidated net income before (to the extent included in determining consolidated net income of the Covenantor):

(i) unrealized gains or losses from financial derivatives, non-cash pension income or expense, foreign-exchange translation gains or losses on U.S. Dollar denominated debt, and all other non-cash expenses including non-cash compensation expense, depreciation, amortization and accretion expense;

(ii) extraordinary items and gains or losses from dispositions of assets;

(iii) accrued expenses for third-party and environmental liabilities up to the aggregate amount of valid insurance coverage held by the Covenantor, plus any equity raised by the Covenantor to fund such expenses; and

(iv) the amount of any insurance proceeds applied to the expenses listed in (iii) above and recorded as income in accordance with GAAP, and

(b) to the extent deducted in determining net income of the Covenantor (i) all interest expense (including all capitalized interest, commissions, discounts and other fees and charges) plus the portion of rent expense of the Covenantor under Capitalized Lease Obligations that is treated as interest in accordance with GAAP, and (ii) the amount of taxes, based on or measured by income in accordance with GAAP.

EBITDA will be adjusted to include or exclude EBITDA, as applicable, associated with any acquisition or disposition (which increases or decreases EBITDA, as the case may be, by more than Cdn. $50,000,000 or the Equivalent Amount in U.S. Dollars) made within the applicable period, as if that acquisition or disposition had been made at the beginning of such period (in a manner satisfactory to the Lenders, acting reasonably).";

(b) deleting the definition "**Total Capitalization**" in its entirety; and

(c) deleting the paragraph in Section 8.3 in its entirety and replacing it with the following:

"So long as any amount owing by any Borrower under this Agreement remains unpaid or any Lender has any obligation under this Agreement, unless consent is given under Section 12.1, the ratio of Funded Debt to EBITDA of the Covenantor shall not exceed 4.00 to 1.00 on the last day of any period of four consecutive Financial Quarters."

3. REPRESENTATIONS AND WARRANTIES

3.1 The Borrowers hereby represent and warrant to and in favour of the Agent and the Lenders that as of the Effective Date:

(a) there exists no Default or Event of Default; and

(b) the representations and warranties contained in Section 7.1 of the Credit Agreement (other than any representations and warranties which expressly speak of an earlier date, and with this Agreement being a Credit Document and references to the Credit Agreement being deemed to be references to the Amended Credit Agreement) are true and correct.

4. CONDITIONS PRECEDENT TO EFFECTIVENESS

4.1 This Agreement shall be effective upon delivery by the Borrowers to the Agent of an executed copy of this Agreement.

5. CONFIRMATION OF CREDIT AGREEMENT AND OTHER DOCUMENTS

The Credit Agreement and the other Credit Documents to which each Borrower is a party and all covenants, terms and provisions thereof, except as expressly amended and supplemented by this Agreement, shall be and continue to be in full force and effect. The Credit Agreement as amended hereby is hereby ratified and confirmed and shall from and after the date hereof continue in full force and effect. This Agreement shall, for all purposes, be considered to be a Credit Document. The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Agent under any of the Credit Documents, nor constitute a waiver of any provision of any of the Credit Documents.

6. FURTHER ASSURANCES

The parties hereto shall from time to time do all such further acts and things and execute and deliver all such documents as are required in order to effect the full intent of and fully perform and carry out the terms of this Agreement.

7. COUNTERPARTS

This Agreement may be executed in any number of counterparts (and by different parties hereto in different counterparts), each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement by telecopier or other electronic means shall be effective as delivery of a manually executed counterpart of this Agreement.

8. GOVERNING LAW

The parties agree that this Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where property or assets of the Borrowers may be found.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

CANADIAN PACIFIC RAILWAY COMPANY,
as Borrower

Per: /s/ Darren Yaworsky
Name: Darren J. Yaworsky
Title: Treasurer

CPR SECURITIES LTD., as Borrower

Per: /s/ Darren Yaworsky
Name: Darren J. Yaworsky
Title: Treasurer

CANADIAN PACIFIC RAILWAY LIMITED,
as Covenantor

Per: /s/ Darren Yaworsky
Name: Darren J. Yaworsky
Title: Treasurer

THE ADMINISTRATIVE AGENT

ROYAL BANK OF CANADA

Per: "signed"
Authorized Signatory

THE LENDERS

ROYAL BANK OF CANADA

Per: /s/ Tim VandeGriend
Tim VandeGriend
Authorized Signatory

JPMORGAN CHASE BANK, N.A., Toronto Branch

Per: /s/ Robert P. Kellas
Robert P. Kellas , Executive Director
Authorized Signing Officer

Per: _____
Authorized Signing Officer

THE TORONTO-DOMINION BANK

Per: /s/ Glen Cameron
Glen Cameron
Director

Per: /s/ Anil Nayak
Anil Nayak
Vice President

MORGAN STANLEY BANK, N.A.

Per: "signed"
Authorized Signing Officer

Per: _____
Authorized Signing Officer

BANK OF TOKYO-MITSUBISHI UFJ (CANADA)

Per: /s/ Daniel Nanson
Daniel Nanson
Manging Director,
Canadian Corporate Banking

CITIBANK, N.A., Canadian Branch

Per: "signed"
Authorized Signing Officer

Per: _____
Authorized Signing Officer

BANK OF AMERICA, N.A., CANADA BRANCH

Per: /s/ Medina Sales de Andrade
Medina Sales de Andrade , Vice President

BANK OF MONTREAL

Per: /s/ Carol S. McDonald
Authorized Signing Officer

Per: /s/ Darren Thomas
Authorized Signing Officer

THE BANK OF NOVA SCOTIA

Per: /s/ Jamie Davis
Authorized Signing Officer

Per: /s/ Andrew Morales
Authorized Signing Officer

CANADIAN IMPERIAL BANK OF COMMERCE

Per: /s/ Ben Fallico
Authorized Signing Officer

Per: /s/ Jordan Spellman
Authorized Signing Officer

WELLS FARGO BANK N.A., CANADIAN BRANCH

Per: "signed"
Authorized Signing Officer

Per: _____
Authorized Signing Officer

HSBC BANK CANADA

Per: “signed”
Authorized Signing Officer

Per: “signed”
Authorized Signing Officer

ALBERTA TREASURY BRANCHES

Per: /s/ Shawn Bunnin
Authorized Signing Officer

Per: /s/ Brinna Brinkerhoff
Authorized Signing Officer

NATIONAL BANK OF CANADA

Per: /s/ Richard Lo
Authorized Signing Officer

Per: /s/ Ian Gillespie
Authorized Signing Officer

SUMITOMO MITSUI BANKING CORPORATION OF CANADA

Per: "signed"
Authorized Signing Officer

Per: _____
Authorized Signing Officer

Exhibit 10.47

SECOND AMENDING AGREEMENT

THIS AGREEMENT dated as of September 17, 2015.

AMONG:

CANADIAN PACIFIC RAILWAY COMPANY ("**CPRC**") and **CPR SECURITIES LIMITED** ("**CPR Securities**") as Borrowers,

and

CANADIAN PACIFIC RAILWAY LIMITED (the "**Covenantor**"), as Covenantor

OF THE FIRST PART

and

ROYAL BANK OF CANADA, a Canadian chartered bank, as administration agent of the Lenders (hereinafter referred to as the "**Agent**"),

OF THE SECOND PART

and

EACH PERSON NAMED ON THE SIGNATURE PAGES HEREOF in their capacity as a Lender (hereinafter collectively referred to as the "**Lenders**" and individually, a "**Lender**"),

OF THE THIRD PART

WHEREAS the parties hereto entered into the Credit Agreement;

AND WHEREAS the parties hereto have agreed to amend and supplement certain provisions of the Credit Agreement as set out herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by each of the parties hereto, the parties hereto covenant and agree as follows:

1. INTERPRETATION

1.1 In this Agreement and the recitals hereto, unless something in the subject matter or context is inconsistent therewith:

"**Agreement**" means this second amending agreement, as amended, modified, supplemented or restated from time to time;

"**Amended Credit Agreement**" means the Credit Agreement as amended and supplemented by this Agreement, and as the same may be further amended, modified, supplemented or restated from time to time;

"**Credit Agreement**" means the credit agreement dated as of September 26, 2014, as amended by a first amending agreement dated as of June 15, 2015, between the Borrowers, the Agent and the Lenders; and

"**Effective Date**" means the date on which all of the conditions precedent in Section 4.1 of this Agreement have been satisfied or waived by the Lenders.

1.2 Capitalized terms used herein without express definition shall have the same meanings herein as are ascribed thereto in the Credit Agreement.

1.3 The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Section or other portion hereof and include any agreements supplemental hereto. Unless expressly indicated otherwise, all references to "Section" or "Sections" are intended to refer to a Section or Sections of the Credit Agreement.

2. AMENDMENTS TO CREDIT AGREEMENT

2.1 Effective as of the Effective Date, each of the 5 Year Lenders agree the Credit Agreement is amended by:

(a) amending the definition "**5 Year Maturity Date**" by deleting the reference to "September 26, 2019" and replacing it with "September 26, 2020"; and

(b) deleting the table on Schedule 7 under the heading "**5 Year Facility**" and replacing it with the following table:

Senior Unsecured Debt Rating as Assigned by S&P or Moody's respectively	**Standby Fee**	**Canadian Prime Rate Advances/ Base Rate (Canada) Advances**	**Eurodollar Rate Advance/BA Instruments/Documentary Credits**
A2/A or higher	8 bps	0 bps	87.5 bps
A-/A3	10 bps	0 bps	100 bps
BBB+/Baa1	12.5 bps	12.5 bps	112.5 bps
BBB/Baa2	15 bps	25 bps	125 bps
BBB-/Baa3	20 bps	50 bps	150 bps
BB+/Ba1 or lower	25 bps	75 bps	175 bps

2.2 Effective as of the Effective Date, each of the 1+1 Lenders agree the Credit Agreement is amended by:

(a) amending the definition of "**Term Out Date**" by deleting the reference to "September 25, 2015" and replacing it with "September 23, 2016"; and

(b) deleting the table on Schedule 7 under the heading "**1+1 Year Facility**" and replacing it with the following table:

Senior Unsecured Debt Rating as Assigned by S&P or Moody's respectively	Standby Fee	Canadian Prime Rate Advances/ Base Rate (Canada) Advances	Eurodollar Rate Advance/BA Instruments
A2/A or higher	5 bps	0 bps	87.5 bps
A-/A3	7.5 bps	0 bps	100 bps
BBB+/Baa1	9.5 bps	12.5 bps	112.5 bps
BBB/Baa2	12 bps	25 bps	125 bps
BBB-/Baa3	17.5 bps	50 bps	150 bps
BB+/Ba1 or lower	20 bps	75 bps	175 bps

3. REPRESENTATIONS AND WARRANTIES

3.1 The Borrowers hereby represent and warrant to and in favour of the Agent and the Lenders that as of the Effective Date:

(a) there exists no Default or Event of Default; and

(b) the representations and warranties contained in Section 7.1 of the Credit Agreement (other than any representations and warranties which expressly speak of an earlier date, and with this Agreement being a Credit Document and references to the Credit Agreement being deemed to be references to the Amended Credit Agreement) are true and correct.

4. CONDITIONS PRECEDENT TO EFFECTIVENESS

4.1 This Agreement shall be effective on the date each of the following conditions precedent are satisfied (or waived by the Lenders hereunder):

(a) the Borrower shall deliver or cause to be delivered to the Agent an executed copy of this Agreement for each Lender; and

(b) each Lender shall have been paid all fees as have been agreed to with the Borrower in respect of this Agreement.

5. CONFIRMATION OF CREDIT AGREEMENT AND OTHER DOCUMENTS

The Credit Agreement and the other Credit Documents to which each Borrower is a party and all covenants, terms and provisions thereof, except as expressly amended and supplemented by this Agreement, shall be and continue to be in full force and effect. The Credit Agreement as amended hereby is hereby ratified and confirmed and shall from and after the date hereof continue in full force and effect. This Agreement shall, for all purposes, be considered to be a Credit Document. The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Agent under any of the Credit Documents, nor constitute a waiver of any provision of any of the Credit Documents.

6. FURTHER ASSURANCES

The parties hereto shall from time to time do all such further acts and things and execute and deliver all such documents as are required in order to effect the full intent of and fully perform and carry out the terms of this Agreement.

7. COUNTERPARTS

This Agreement may be executed in any number of counterparts (and by different parties hereto in different counterparts), each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement by telecopier or other electronic means shall be effective as delivery of a manually executed counterpart of this Agreement.

8. GOVERNING LAW

The parties agree that this Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where property or assets of the Borrowers may be found.

[signature pages follow]

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

CANADIAN PACIFIC RAILWAY COMPANY,
as Borrower

Per: /s/ Darren Yaworsky
Name: Darren J. Yaworsky
Title: Treasurer

CPR SECURITIES LTD., as Borrower

Per: /s/ Darren Yaworsky
Name: Darren J. Yaworsky
Title: Treasurer

CANADIAN PACIFIC RAILWAY LIMITED,
as Covenantor

Per: /s/ Darren Yaworsky
Name: Darren J. Yaworsky
Title: Treasurer

THE ADMINISTRATIVE AGENT

ROYAL BANK OF CANADA

Per: "signed"
Authorized Signatory

THE LENDERS

ROYAL BANK OF CANADA

Per: /s/ Tim VandeGriend
Tim VandeGriend
Authorized Signatory

JPMORGAN CHASE BANK, N.A., Toronto Branch

Per: /s/ Robert P. Kellas
Robert P. Kellas
Executive Director

THE TORONTO-DOMINION BANK

Per: /s/ David Radomsky
David Radomsky, Dirrector

Per: /s/ Anil Nayak
Anil Nyak, Vice President

MORGAN STANLEY BANK, N.A.

Per: Michael King

Per: /s/.Michael King

BANK OF TOKYO-MITSUBISHI UFJ (CANADA)

Per: /s/ Daniel Nanson
Daniel Nanson
Managing Director

CITIBANK, N.A., Canadian Branch

Per: /s/ Jonathan Cain
Authorized Signatory

BANK OF AMERICA, N.A., CANADA BRANCH

Per: /s/ Medina Sales de Andrade
Medina Sales de Andrade, VP

BANK OF MONTREAL

Per: /s/ Carol McDonald

Per: /s/ Darren Tomas

THE BANK OF NOVA SCOTIA

Per: /s/ Jamie Davis

Per: /s/ Andrew Morales

CANADIAN IMPERIAL BANK OF COMMERCE

Per: /s/ Ben Fallico

Per: /s/ Kevin Charko

WELLS FARGO BANK, N.A., CANADIAN BRANCH

Per: /s/ Jeff McInenly
Jeff McInenly
Relationship Manager

Per: _____

HSBC BANK CANADA

Per: /s/ Jean-Philippe Gariazzo
Jean-Philippe Gariazzo
Director

Per: /s/ Dieter Stefely
Dieterr Stefely
Director

ALBERTA TREASURY BRANCHES

Per: /s/ Shawn Bunnin

Per: /s/ Maximiliano Herrera

NATIONAL BANK OF CANADA

Per: /s/ Richard Lo
Name: Richard Lo
Title: Director

Per: /s/ Ian Gillespie
Name: Ian Gillespie
Title: Managing Director

SUMITOMO MITSUI BANKING CORPORATION OF CANADA

Per: /s/ E.R. Langley
E.R. Langley
Senior Vice President

Per: _____

Exhibit 12.1

Ratio of Earnings to Fixed Charges

December 31 (in millions, except for ratios)		**2015**	2014	2013	2012	2011
Fixed charges:						
Interest expense including amortization of debt discount	**$**	**394**	$ 282	$ 278	$ 276	$ 252
Interest capitalized to properties		14	15	13	15	11
Interest income		1	4	5	3	3
Portion of rentals representing an interest factor		11	9	11	13	13
Total fixed charges	**$**	**420**	$ 310	$ 307	$ 307	$ 279
Earnings available for fixed charges:						
Income before income tax expense	**$**	**1,959**	$ 2,038	$ 1,125	$ 636	$ 697
Amortization of interest capitalized to properties		15	14	14	14	13
Fixed charges		420	310	307	307	279
Equity earnings net of distributions		(9)	(7)	2	(2)	(4)
Interest capitalized to properties		(14)	(15)	(13)	(15)	(11)
Earnings available for fixed charges	**$**	**2,371**	$ 2,340	$ 1,435	$ 940	$ 974
Ratio of earnings to fixed charges		5.6	7.5	4.7	3.1	3.5

Exhibit 21.1

Significant Subsidiaries

The following list sets out CPRL's significant subsidiaries, including the jurisdiction of incorporation.

Significant subsidiary	Incorporated under the laws of
Canadian Pacific Railway Company	Canada
6061338 Canada Inc.	Canada
Mount Stephen Properties Inc.	Canada
3939804 Canada Inc.	Canada
CPR Finance ULC	Canada
CPR Finance II Ltd.	Canada
CPR Finance III Ltd.	Canada
6211241 Canada Inc.	Canada
CP Finance Luxembourg S.á.r.l.	Luxembourg
CP Finance Switzerland AG	Switzerland
CP (US) Holding Corporation	Delaware
Soo Line Corporation	Minnesota
Soo Line Railroad Company	Minnesota
Soo Line Holding Company	Delaware
Delaware and Hudson Railway Company, Inc.	Delaware
Dakota, Minnesota & Eastern Railroad Corporation	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in:

Registration Statement (No. 333-13962);
Registration Statement (No. 333-127943);
Registration Statement (No. 333-140955);
Registration Statement (No. 333-183891);
Registration Statement (No. 333-183892);
Registration Statement (No. 333-183893);
Registration Statement (No. 333-188826);
Registration Statement (No. 333-188827); and
Registration Statement (No. 333-208647)

on Form S-8 of our reports dated February 29, 2016, relating to the consolidated financial statements and financial schedule of Canadian Pacific Railway Limited and subsidiaries, and the effectiveness of Canadian Pacific Railway Limited and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended December 31, 2015.

/s/ Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Calgary, Canada
February 29, 2016

Exhibit 31.1

Certification by the Chief Executive Officer of the Registrants filed pursuant to Rule 13a-14(a) of the Exchange Act.
Canadian Pacific Railway Limited

I, E. Hunter Harrison, certify that:

1. I have reviewed this Annual Report on Form 10-K of Canadian Pacific Railway Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **February 29, 2016**

/s/ E. Hunter Harrison
E. Hunter Harrison
Chief Executive Officer

Exhibit 31.2

Certification by the Chief Financial Officer of the Registrants filed pursuant to Rule 13a-14(a) of the Exchange Act.
Canadian Pacific Railway Limited

I, Mark J. Erceg, certify that:

1. I have reviewed this Annual Report on Form 10-K of Canadian Pacific Railway Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **February 29, 2016**

/s/ MARK J. ERCEG
Mark J. Erceg
Executive Vice-President and Chief Financial Officer

Exhibit 32.1

Certifications Furnished Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

Canadian Pacific Railway Limited

In connection with the Annual Report of Canadian Pacific Railway Limited (the "Company") on Form 10-K for the period ended December 31, 2015 (the "Report") to which this certificate is an exhibit, I, E. Hunter Harrison, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **February 29, 2016**

/s/ E. Hunter Harrison
E. Hunter Harrison
Chief Executive Officer

Exhibit 32.2

Certifications Furnished Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

Canadian Pacific Railway Limited

In connection with the Annual Report of Canadian Pacific Railway Limited (the "Company") on Form 10-K for the period ended December 31, 2015 (the "Report") to which this certificate is an exhibit, I, Mark J. Erceg, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **February 29, 2016**

/s/ MARK J. ERCEG
Mark J. Erceg
Executive Vice-President and Chief Financial Officer

Exhibit 99.1

Annual CEO Certification pursuant to NYSE Rule 303A.12(a)

Form Last Updated by the NYSE on July 1, 2013

NYSE Regulation

Domestic Company
Section 303A
Annual CEO Certification

As the Chief Executive Officer of Canadian Pacific Railway Limited (CP), and as required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual, I hereby certify that as of the date hereof I am not aware of any violation by the Company of NYSE's corporate governance listing standards, other than has been notified to the Exchange pursuant to Section 303A.12(b) and disclosed on Exhibit H to the Company's Domestic Company Section 303A Annual Written Affirmation.

This certification is:

[x] Without qualification

or

[ ] With qualification

By: /s/ E. HUNTER HARRISON

Print Name: E. Hunter Harrison

Title: Chief Executive Officer

Date: February 29, 2016

Note: THE NYSE WILL NOT ACCEPT IF RETYPED, MODIFIED OR IF ANY TEXT IS DELETED. If you have any questions regarding applicability to your Company's circumstances, please call the Corporate Governance department prior to submission.