

CANADIAN PACIFIC RAILWAY LTD/CN

Form 6-K

September 07, 2007

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

For the month of September, 2007

CANADIAN PACIFIC RAILWAY LIMITED  
(Commission File No. 1-01342)  
CANADIAN PACIFIC RAILWAY COMPANY  
(Commission File No. 1-15272)  
(translation of each Registrant's name into English)

Suite 500, Gulf Canada Square, 401 9th Avenue, S.W., Calgary, Alberta, Canada, T2P 4Z4  
(address of principal executive offices)

Indicate by check mark whether the registrants file or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark whether the registrants by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
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The material change report included in this Report furnished on Form 6-K shall be incorporated by reference into, or as an exhibit to, as applicable, each of the following Registration Statements under the Securities Act of 1933 of the registrant: Form S-8 No. 333-140955 (Canadian Pacific Railway Limited), Form S-8 No. 333-127943 (Canadian Pacific Railway Limited), Form S-8 No. 333-13962 (Canadian Pacific Railway Limited), and Form F-9 No. 333-142347 (Canadian Pacific Railway Company).

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CANADIAN PACIFIC RAILWAY LIMITED  
CANADIAN PACIFIC RAILWAY COMPANY  
(Registrants)

Date: September 7, 2007

By: /s/ Donald F. Barnhardt

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Name: Donald F. Barnhardt  
Title: Corporate Secretary

**FORM 51-102F3**

**MATERIAL CHANGE REPORT**

**Item 1 Name and Address of Reporting Issuer**

Canadian Pacific Railway Limited ( CP )  
500 401 Avenue S.W.  
Calgary, Alberta  
T2P 4Z4

**Item 2 Date of Material Change**

September 4, 2007

**Item 3 New Release**

CP issued a press release disclosing the nature and substance of the material change on September 4, 2007 through the facilities of Canada Newswire. The release was sent via the Canadian Budget Disclosure network in Canada and in the United States via Washington, D.C. Network and IRW, which includes PR Newswire. Release of French was via Canadian Disclosure French network.

**Item 4 Summary of Material Change**

CP, through wholly owned subsidiaries, has entered into an agreement and plan of merger pursuant to which a subsidiary of CP has agreed to acquire Dakota, Minnesota & Eastern Railroad Corporation ( DM&E ) for a US\$1.48 billion cash payment at closing and future contingent payments of up to approximately US\$1.0 billion. DM&E is a privately held Delaware corporation which, together with its subsidiaries, operates the largest regional railroad in the United States.

**Item 5 Full Description of Material Change**

On September 4, 2007, CP's wholly-owned subsidiaries Canadian Pacific Railway Company, Soo Line Holding Company ( Soo Holding ) and Soo Line Property Company entered into an agreement and plan of merger with DM&E and a representative of the stockholders of DM&E pursuant to which Soo Holding has agreed to acquire DM&E for a US\$1.48 billion cash payment at closing and future contingent payments of up to approximately US\$1.0 billion. Future contingent payments of US\$350 million will become due if construction starts on the Powder River Basin ( PRB ) extension prior to December 31, 2025. Further future contingent payments of up to approximately US\$700 million will become due upon the movement of specified volumes of coal from the PRB over the PRB extension prior to December 31, 2025.

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The acquisition is expected to be completed in the next 30 to 60 days. CP has secured fully committed acquisition financing for the transaction. Permanent financing for the transaction and future financing of the potential PRB extension will be arranged at a future date.

The addition of the DM&E network to CP's network will extend CP's reach and increase CP's rail network, add new customers and expand the service available to customers of both DM&E and CP. DM&E, together with its subsidiaries, operates the largest regional railroad in the U.S. and is the only Class II railroad that connects and interchanges traffic with all seven Class I railroads, connecting with CP's network at Minneapolis, Winona (Minnesota) and Chicago. DM&E, including its subsidiary Iowa, Chicago & Eastern Railroad Corporation ( IC&E ), had 2006 freight revenues of approximately US\$258 million, which is expected to grow to approximately US\$280 million, or by nine per cent, in 2007. DM&E is headquartered in Sioux Falls, South Dakota and has approximately 1,000 employees, 2,500 miles of track and rolling stock that includes 7,200 rail cars and 150 locomotives. It serves eight states: Illinois, Minnesota, Iowa, Wisconsin, Missouri, South Dakota, Wyoming and Nebraska, with access to Chicago, Minneapolis/St. Paul, Kansas City and key ports. CP intends to spend an additional US\$300 million for further upgrading of DM&E's regional railroad over the next several years.

A map showing the CP and DM&E railroad systems and certain financial and railroad operating data for DM&E, including IC&E, which has been provided to CP by DM&E are appended in Appendix A to this Material Change Report.

DM&E has been pursuing a strategy to become the third rail carrier into Wyoming's coal-rich Powder River Basin ( PRB ). The PRB is North America's largest and most rapidly growing source of low cost, low sulphur coal, as well as the largest single rail market in terms of volume. DM&E's favorable geographic position provides a unique ability to create an efficient and competitive additional link to midwestern and eastern utilities.

The acquisition is subject to review and approval by the U.S. Surface Transportation Board (STB), during which time the shares of DM&E will be placed in an independent voting trust. The review process is expected to take less than a year. CP expects that the operation will become part of CP's U.S. network upon completion of the review. The voting trust is required by US law so that CP does not exercise control over DM&E prior to approval of the transaction by the STB.

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In conjunction with the transaction, CP has suspended activity under its current share purchase program. CP has purchased 3,209,790 of its common shares under this program during 2007.

Taking into consideration the completion of this transaction, CP's outlook in 2007 for diluted earnings per share excluding foreign exchange gains and losses on long-term debt and other specified items remains unchanged in the range of \$4.30 to \$4.45.

**Item 6 Reliance on Section 7.1(2) and (3) of National Instrument 51-102**

Not applicable.

**Item 7 Omitted Information**

Not applicable.

**Item 8 Executive Officer**

For further information contact Don Barnhardt, Senior Counsel and Corporate Secretary at (403) 319-6171.

**Item 9 Date of Report**

September 7, 2007.

Canadian Pacific Railway Limited

Don Barnhardt

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Don Barnhardt  
Senior Counsel and  
Corporate Secretary

*This Material Change Report contains certain forward-looking statements relating but not limited to the proposed acquisition transaction and our anticipated financial performance. Undue reliance should not be placed on forward-looking information as actual results may differ materially.*

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*By its nature, CP's 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 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; changes in laws and regulations, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; uncertainties of litigation; labour disputes; risks and liabilities arising from derailments; 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 various events that could disrupt operations, including severe weather conditions, security threats and governmental response to them, and technological changes.*

*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 except as required by law.*

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APPENDIX A TO MATERIAL CHANGE REPORT  
September 7, 2007