

CANADIAN PACIFIC RAILWAY CO/NEW  
Form SUPPL  
November 30, 2011  
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Filed pursuant to General Instruction to II.K of Form F-9;  
File No. 333-175032

**Prospectus Supplement**

(to Prospectus dated June 29, 2011)

**US\$500,000,000**

**CANADIAN PACIFIC RAILWAY COMPANY**

**US\$250,000,000 4.500% Notes due 2022**

**US\$250,000,000 5.750% Notes due 2042**

The notes due 2022 (the 2022 notes ) and the notes due 2042 (the 2042 notes and, together with the 2022 notes, the notes ) will bear interest at the rate of 4.500% per year and 5.750% per year, respectively, each subject to adjustment under the circumstances described under Description of the Notes Interest Rate Adjustment. We will pay interest on the notes semi-annually in arrears on January 15 and July 15 of each year, beginning July 15, 2012. The 2022 notes and the 2042 notes will mature on January 15, 2022 and on January 15, 2042, respectively. We may redeem some or all of the notes at any time, at the redemption prices as described in this prospectus supplement. We may also redeem all (and not less than all) of the notes if certain changes affecting Canadian withholding taxes occur. The notes do not have the benefit of any sinking fund.

The notes will be our unsecured obligations and rank equally with all of our existing and future unsecured and unsubordinated indebtedness.

Investing in the notes involves risks that are described in the Risk Factors section on pages 18-19 of the accompanying prospectus.

We are permitted, under a multi-jurisdictional disclosure system adopted by the United States and Canada, to prepare this prospectus supplement and the accompanying prospectus in accordance with Canadian disclosure requirements which are different from those of the United States.

Unless otherwise indicated, all financial information included and incorporated by reference in the prospectus and this prospectus supplement is prepared using generally accepted accounting principles in the United States, referred to as U.S. GAAP . U.S. GAAP differs from generally accepted accounting principles in Canada, referred to as Canadian GAAP , and from International Financial Reporting Standards ( IFRS ) applied by most Canadian reporting issuers starting in 2011. Therefore, the comparative consolidated financial statements incorporated by reference in the accompanying prospectus and this prospectus supplement may not be comparable to financial statements prepared in accordance with Canadian GAAP or IFRS. A discussion of the principal differences between the financial results calculated under U.S. GAAP and under Canadian GAAP is provided in the notes to the annual comparative consolidated financial statements incorporated by reference into the accompanying prospectus.

Owning the notes may subject you to tax consequences both in the United States and in Canada. This prospectus supplement and the accompanying prospectus may not describe these tax consequences fully. You should read the tax discussion in this prospectus supplement.

Your ability to enforce civil liabilities under the U.S. federal securities laws may be affected adversely because we are incorporated in Canada, some or all of our officers and directors and some or all of the experts named in this prospectus supplement and the accompanying prospectus are residents of Canada, and a substantial portion of our assets and all or a substantial portion of the assets of such persons are located outside of the United States.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

|   | <b>Per 2022 Note</b> | <b>Total</b>     | <b>Per 2042 Note</b> | <b>Total</b>     |
|---|----------------------|------------------|----------------------|------------------|
| Public offering price <sup>(1)</sup>            | 98.151%              | US\$ 245,377,500 | 97.584%              | US\$ 243,960,000 |
| Underwriting commission                         | 0.650%               | US\$ 1,625,000   | 0.875%               | US\$ 2,187,500   |
| Proceeds, before expenses, to us <sup>(1)</sup> | 97.501%              | US\$ 243,752,500 | 96.709%              | US\$ 241,772,500 |

(1) Plus accrued interest from December 1, 2011 if settlement occurs after that date.

The underwriters expect to deliver the notes to purchasers in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme, Luxembourg and Euroclear Bank S.A./N.V. on or about December 1, 2011.

*Sole Book-Running Manager*

**J.P. Morgan**

*Lead Manager*

**TD Securities**

*Co-Managers*

**Morgan Stanley**

**RBC Capital Markets**

**BMO Capital Markets**

**BofA Merrill Lynch**

**CIBC**

**National Bank of Canada Financial**

**Scotia Capital**

The date of this prospectus supplement is November 28, 2011.

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**IMPORTANT NOTICE ABOUT INFORMATION IN**

**THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS**

This document is in two parts. The first part, this prospectus supplement, describes the specific terms of the notes we are offering and also adds to and updates certain information contained in the accompanying prospectus and documents incorporated by reference. The second part, the base prospectus, dated June 29, 2011, gives more general information, some of which may not apply to the notes we are offering. The accompanying base prospectus is referred to as the prospectus in this prospectus supplement.

**If the description of the notes varies between this prospectus supplement and the prospectus, you should rely on the information in this prospectus supplement.**

**We have not, and the underwriters have not, authorized any other person to provide any information other than that contained in or incorporated by reference in this prospectus supplement and the prospectus prepared by or on our behalf to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the prospectus, as well as information we previously filed with the U.S. Securities and Exchange Commission (the SEC) and with the Alberta Securities Commission and incorporated by reference, is accurate as of the date of such information only. Our business, financial condition, results of operations and prospects may have changed since those dates.**

In this prospectus supplement, all capitalized terms used and not otherwise defined herein have the meanings provided in the prospectus. In the prospectus and this prospectus supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars.

Unless otherwise specified or the context otherwise requires, all references in this prospectus supplement and the prospectus to Canadian Pacific Railway, us, we or our refer to Canadian Pacific Railway Company and its subsidiaries on a consolidated basis. In the sections entitled Summary of the Offering and Description of the Notes in this prospectus supplement and Description of Debt Securities in the prospectus, Canadian Pacific Railway, us, we or our refer to only Canadian Pacific Railway Company, without any of its subsidiaries. Our parent corporation, Canadian Pacific Railway Limited, is referred to as CPRL.

This prospectus supplement is deemed to be incorporated by reference into the prospectus solely for the purposes of the offering of the notes offered hereby. Other documents are also incorporated or deemed to be incorporated by reference into the prospectus. See Documents Incorporated by Reference in this prospectus supplement and in the prospectus.

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**Prospectus**

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**FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein include forward-looking statements within the meaning of securities laws, including the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended (the Exchange Act) and Section 27A of the United States Securities Act of 1933, as amended (the Securities Act). All forward-looking statements are based on our and CPRL's current beliefs as well as assumptions made by and information currently available to us and CPRL. Forward-looking statements typically contain statements such as anticipate, believe, expect, plan or similar words suggesting future outcomes. Forward-looking statements or incorporated by reference into this prospectus supplement and the accompanying prospectus include, but are not limited to, statements with respect to: our and CPRL's revenues and results of operations; our and CPRL's strategic plan; quarterly and seasonal trends; our and CPRL's capital commitments and expenditures; our and CPRL's future cash flows and the availability of other sources of liquidity; interest rates and any hedging programs we or CPRL undertake in respect thereof; fuel prices and any hedging programs we or CPRL undertake in respect thereof; the impact of changes in accounting policy; the outcome of contract negotiations (including in respect of government contracts); our and CPRL's pension plan funding and future contributions; the outcome of litigation; the success and cost of environmental initiatives and remediation programs; the success and impact of our and CPRL's restructuring initiatives; and our and CPRL's competitive environment.

By its nature, our and CPRL'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;

the availability and price of energy commodities;

the effects of competition and pricing pressures;

industry capacity;

shifts in market demands;

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 liquidity of investments;

various events that could disrupt operations, including severe weather conditions;

security threats and governmental response to them; and

technological changes.

The risks and uncertainties of our and CPRL's business, including those discussed above and incorporated by reference into this prospectus supplement and the accompanying prospectus and as described under "Risk

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Factors in the prospectus, could cause our and CPRL's actual results and experience to differ materially from the anticipated results or other expectations expressed. In addition, we base forward-looking statements on assumptions about future events, which may not prove to be accurate.

In light of these risks, uncertainties and assumptions, prospective investors should not place undue reliance on forward-looking statements and should be aware that events described in the forward-looking statements set out in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein may not occur.

We cannot assure prospective investors that our future results, levels of activity and achievements will occur as we expect, and neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Except as required by law, we have no obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

**EXCHANGE RATE INFORMATION**

CPRL publishes its consolidated financial statements in Canadian dollars. In this prospectus supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars and references to dollars or \$ are to Canadian dollars and references to US\$ are to United States dollars.

The following table sets forth the Canada/U.S. exchange rates on the last day of the periods indicated as well as the high, low and average rates for such periods. The high, low and average exchange rates for each period were identified or calculated from spot rates in effect on each trading day during the relevant period. The exchange rates shown are expressed as the number of U.S. dollars required to purchase one Canadian dollar. These exchange rates are based on those published on the Bank of Canada's website as being in effect at approximately noon on each trading day (the Bank of Canada noon rate). On November 28, 2011, the Bank of Canada noon rate was US\$0.9683 equals \$1.00.

| Period End | Year Ended December 31, |        |        | Nine Months Ended     |        |
|------------|-------------------------|--------|--------|-----------------------|--------|
|            | 2010                    | 2009   | 2008   | September 30,<br>2011 | 2010   |
| High       | 1.0054                  | 0.9555 | 0.8166 | 0.9626                | 0.9711 |
| Low        | 0.9278                  | 0.7692 | 0.7711 | 0.9626                | 0.9278 |
| Average    | 0.9713                  | 0.8797 | 0.9441 | 1.0227                | 0.9659 |

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**SUMMARY OF THE OFFERING**

*The following is a brief summary of some of the terms of this offering. For a more complete description of the terms of the notes, see Description of the Notes in this prospectus supplement and Description of Debt Securities in the prospectus.*

|                               |  |
|-------------------------------|--|
| <b>Issuer</b>                 | Canadian Pacific Railway Company   |
| <b>Securities Offered</b>     | US\$250 million aggregate principal amount of 4.500% notes due 2022 (the 2022 notes ).<br>US\$250 million aggregate principal amount of 5.750% notes due 2042 (the 2042 notes<br>and, together with the 2022 notes, the notes ).   |
| <b>Interest Payment Dates</b> | January 15 and July 15 of each year, beginning July 15, 2012 for the 2022 notes.<br>January 15 and July 15 of each year, beginning July 15, 2012 for the 2042 notes.   |
| <b>Maturity Date</b>          | January 15, 2022 for the 2022 notes and January 15, 2042 for the 2042 notes.   |
| <b>Ranking</b>                | The notes will be unsecured obligations ranking <i>pari passu</i> with all of our existing and future unsecured and unsubordinated indebtedness. The notes will be structurally subordinated to all existing and future liabilities, including trade payables and other indebtedness, of any of our subsidiaries. See Description of Debt Securities Ranking in the accompanying prospectus.   |
| <b>Optional Redemption</b>    | We may, at our option, redeem some or all of the 2022 notes or the 2042 notes at any time at the make-whole redemption prices described in this prospectus supplement. See Description of the Notes Optional Redemption in this prospectus supplement. We may also, at our option, redeem all of the 2022 notes or all of the 2042 notes at the redemption price described in the accompanying prospectus at any time in the event certain changes affecting Canadian withholding taxes occur. See Description of Debt Securities Tax Redemption in the accompanying prospectus. |
| <b>Form and Denomination</b>  | The notes will be represented by fully registered global securities registered in the name of the nominee of The Depository Trust Company. Beneficial interests in any registered global security will be in denominations of US\$2,000 and integral multiples of US\$1,000 in excess thereof. Except as described under Description of the Notes in this prospectus supplement and Description of Debt Securities in the accompanying prospectus, notes in definitive form will not be issued.  |
| <b>Change of Control</b>      | If a change of control that is accompanied by a downgrade in the rating of notes of either series such that the notes of such series are no longer investment grade occurs, we will be required to make an offer to purchase the notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase, as described under the heading Description of the Notes Change of Control.  |



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### **Interest Rate Adjustment**

The interest rate payable on each series of notes will be subject to adjustments from time to time if the ratings from Moody's or S&P (or, in either case if applicable, any Substitute Rating Agency) with respect to the notes are decreased, as described under the heading "Description of the Notes – Interest Rate Adjustment."

### **Additional Issues**

We may, from time to time, without notice to or the consent of holders of the notes, create and issue additional notes ranking equally with the notes offered hereby in all respects (or in all respects except for the payment of interest accruing prior to the issue date of the new notes or except for the first payment of interest following the issue date of the new notes). These additional notes may be consolidated and form a single series with the notes of either series offered hereby, and have the same terms as to status, redemption or otherwise as the notes of either series offered hereby.

### **Certain Covenants**

The indenture pursuant to which the notes will be issued contains certain covenants that, among other things:

limit our ability to create liens; and

restrict our ability to consolidate or merge with a third party or transfer all or substantially all of our assets.

These covenants are subject to important exceptions and qualifications which are described under the caption "Description of Debt Securities" in the accompanying prospectus.

### **Additional Amounts**

We will make payments on the notes without withholding or deduction for Canadian taxes unless required to be withheld or deducted by law or the interpretation or administration thereof in which case, subject to certain exemptions, we will pay such additional amounts as may be necessary so that the net amount received by holders of the notes after such withholding or deduction will not be less than the amount that such holders would have received in the absence of such withholding or deduction. However, no additional amounts will be payable in excess of the additional amounts that would be payable if the holder was a resident of the United States for the purposes of the Canada-U.S. Income Tax Convention (1980), as amended. See "Description of Debt Securities – Additional Amounts" in the accompanying prospectus.

### **Use of Proceeds**

The net proceeds to us from this offering will be approximately US\$485.5 million, after deducting underwriting commissions and estimated expenses of the offering. The net proceeds received by us from the sale of the notes will be used to fund a voluntary prepayment of future pension contributions to our Canadian defined benefit pension plan. Any net proceeds that are not applied immediately to fund such contributions will be invested in short-term marketable securities.

### **Governing Law**

The notes and the indenture governing the notes will be governed by the laws of the State of New York.



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**CANADIAN PACIFIC RAILWAY COMPANY**

We are one of Canada's oldest corporations. From our inception over 125 years ago, we have developed into a fully-integrated and technologically advanced Class I railway (a railroad earning a minimum of US\$378.8 million in revenues annually) providing rail and intermodal freight transportation services over an approximate 14,700 mile network serving the principal business centres of Canada, from Montreal, Quebec to Vancouver, British Columbia, and the U.S. Midwest and Northeast regions.

We are a wholly-owned subsidiary of CPRL, a publicly-traded corporation whose common shares are listed on the Toronto Stock Exchange and the New York Stock Exchange.

**USE OF PROCEEDS**

We estimate that the net proceeds to us from this offering will be approximately US\$485.5 million, after deducting the underwriting commission and after deducting estimated expenses of the offering of approximately US\$14.5 million. The net proceeds received by us from the sale of the notes will be used to fund a voluntary prepayment of future pension contributions to our Canadian defined benefit pension plan. Any net proceeds that are not applied immediately to fund such contributions will be invested in short-term marketable securities.

We intend to access debt markets, other than the U.S. public market, to fund additional voluntary pre-payments of future pension contributions. Any additional debt offerings will depend on capital market conditions and may occur at any time. There is no assurance that any additional debt offerings will be completed.

**Table of Contents****CONSOLIDATED CAPITALIZATION**

The following table summarizes CPRL's cash and cash equivalents and consolidated capitalization at September 30, 2011, and as adjusted to give effect to the issuance of the notes offered by this prospectus supplement and the application of the proceeds of the sale of the notes as described under "Use of Proceeds". You should read this table together with the unaudited consolidated financial statements of CPRL for the nine months ended September 30, 2011 incorporated by reference in this prospectus supplement. In the "As Adjusted" column, the U.S. dollar amount of the notes offered hereby has been converted to Canadian dollars using the Bank of Canada noon buying rate of US\$0.9626 per \$1.00 at September 30, 2011.

|   | <b>As at September 30, 2011</b> |                    |
|---|---------------------------------|--------------------|
|   | <b>Actual</b>                   | <b>As Adjusted</b> |
|   | <b>(millions of dollars)</b>    |                    |
| Cash and cash equivalents               | \$ 97.0                         | \$ 97.0            |
| Long-term debt maturing within one year | \$ 304.1                        | \$ 304.1           |
| <b>Long-term liabilities</b>            |                                 |                    |
| Pension and other benefits liabilities  | 973.0                           | 473.0              |
| Other long-term liabilities             | 411.8                           | 411.8              |
| Long-term debt                          | 4,042.5                         | 4,042.5            |
| Notes offered hereby                    |                                 | 516.4              |
| Total long-term liabilities             | 5,427.3                         | 5,443.7            |
| <b>Shareholders' equity:</b>            |                                 |                    |
| Share capital                           | 1,829.1                         | 1,829.1            |
| Additional paid-in capital              | 88.6                            | 88.6               |
| Accumulated other comprehensive loss    | (1,992.5)                       | (1,992.5)          |
| Retained earnings                       | 5,274.1                         | 5,274.1            |
| Total shareholders' equity              | 5,199.3                         | 5,199.3            |
| <b>Total capitalization</b>             | <b>\$ 10,930.7</b>              | <b>\$ 10,947.1</b> |

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The earnings coverage ratios set out below have been prepared and included in this prospectus supplement in accordance with Canadian disclosure requirements. These ratios do not purport to be indicative of earnings coverage ratios for any future periods.

For further information regarding earnings coverage, reference is made to Earnings Coverage in the accompanying prospectus.

The following earnings coverage ratios of CPRL are calculated on a consolidated basis for the twelve-month period ended December 31, 2010 based on audited financial information and for the twelve-month period ended September 30, 2011 based on unaudited financial information. In calculating the ratios, the interest expense has been adjusted to give effect to the issuance of the notes offered hereby.

|   | Twelve Months<br>Ended<br>December 31,<br>2010 | Twelve Months<br>Ended<br>September 30,<br>2011 |
|---|--|---|
| Earnings coverage on long-term debt <sup>(1)(2)</sup> | 4.0x   | 3.4x  |

**Notes:**

- (1) Earnings coverage is equal to income before interest expense and income tax expense, divided by interest expense on all debt plus the amount of interest that has been capitalized during the period.
- (2) The earnings coverage ratios have been calculated excluding carrying charges for the long-term debt maturing within one year reflected as current liabilities in CPRL's consolidated balance sheets as at December 31, 2010 and September 30, 2011, respectively. If such long-term debt maturing within one year had been classified in their entirety as long-term debt for purposes of calculating earnings coverage ratios, the entire amount of the annual carrying charges for such long-term debt maturing within one year would have been reflected in the calculation of CPRL's earnings coverage ratios. For the twelve-month period ended December 31, 2010, earnings coverage on long-term debt would have been 3.6x. For the twelve-month period ended September 30, 2011, earnings coverage on long-term debt would have been 3.2x.

**DESCRIPTION OF THE NOTES**

*The following description of the terms of the notes supplements the description set forth in the prospectus and should be read in conjunction with Description of Debt Securities in the prospectus. In addition, such description is qualified in its entirety by reference to the Indenture under which the notes are to be issued, referred to in the prospectus. Capitalized terms used but not defined in the prospectus supplement have the meanings ascribed to them in the prospectus. In this section only, Canadian Pacific Railway, us, we or our refer to Canadian Pacific Railway Company without any of its subsidiaries through which it operates.*

**General**

The notes will be our direct unsecured obligations. The 2022 notes initially will be issued in an aggregate principal amount of US\$250 million and the 2042 notes initially will be issued in an aggregate principal amount of US\$250 million. The 2022 notes will mature on January 15, 2022 and the 2042 notes will mature on January 15, 2042. The 2022 notes will bear interest at the rate of 4.500% per year and the 2042 notes will bear interest at the rate of 5.750% per year, in each case subject to adjustment as described herein. Interest will be payable on the 2022 notes from December 1, 2011, or from the most recent date to which interest has been paid or provided for, payable semi-annually on January 15 and July 15 of each year, commencing July 15, 2012 to the persons in whose names the notes are registered at the close of business on the next preceding January 1 or July 1, respectively. Interest will be payable on the 2042 notes from December 1, 2011, or from the most recent date to which interest has been paid or provided for, payable semi-annually on January 15 and July 15 of each year, commencing July 15, 2012 to the persons in whose names the notes are registered at the close of business on the next preceding January 1 or July 1, respectively.

Payment of principal, premium, if any, and interest on the notes will be made in United States dollars.

The 2022 notes and the 2042 notes will each constitute a separate series of securities under the indenture.

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We may, from time to time, without notice to or the consent of holders of notes, create and issue additional notes under the Indenture in addition to the aggregate principal amount of notes offered hereby. Such additional

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notes will rank equally with the 2022 notes or the 2042 notes, as applicable, offered hereby in all respects (or in all respects except for the payment of interest accruing prior to the issue date of the new notes or except for the first payment of interest following the issue date of the new notes) so that the new notes may be consolidated and form a single series with the 2022 notes or the 2042 notes, as applicable, offered hereby, and have the same terms as to status, redemption and otherwise as the 2022 notes or the 2042 notes, as applicable, offered hereby. In the event that additional notes are issued, we will prepare a new prospectus supplement, provided that if the additional notes are not fungible with the notes of the applicable series for U.S. federal income tax purposes, the additional notes will have a new CUSIP number.

Other than the protections which may otherwise be afforded holders of the notes as a result of the operation of the covenants described in this prospectus supplement and under "Description of Debt Securities" in the accompanying prospectus, there are no covenants or other provisions in the Indenture or the notes limiting our ability to seek additional sources of financing, pay dividends or otherwise engage in other capital transactions that might increase our leverage and decrease the amount of assets available to service our debt.

The provisions of the Indenture relating to the payment of additional amounts in respect of Canadian withholding taxes in certain circumstances (described under the caption "Description of Debt Securities - Additional Amounts" in the accompanying prospectus) and the provisions of the Indenture relating to the redemption of debt securities in the event of specified changes in Canadian withholding tax law on or after the date of this prospectus supplement (described under the caption "Description of Debt Securities - Tax Redemption" in the accompanying prospectus) will apply to the notes.

The notes will not be entitled to the benefits of any sinking fund.

### **Optional Redemption**

The notes of either series will be redeemable in whole or in part at any time at our option, at redemption prices equal to the greater of (1) 100% of the principal amount of the notes being redeemed and (2) 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 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, in either case, together with accrued and unpaid interest to the date of redemption. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Holders of notes to be redeemed will receive notice thereof by first class mail at least 30 and not more than 60 days prior to the date fixed for redemption.

Unless we default in the payment of the redemption price, from and after the redemption date, interest will cease to accrue on the notes or the portions thereof called 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 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.

*Independent Investment Banker* means one of the Reference Treasury Dealers selected by us 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 us.

*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

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the Independent Investment Banker is provided fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

*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.

*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), we will substitute therefor another Primary Treasury Dealer.

## **Change of Control**

If a Change of Control Triggering Event (as defined below) occurs, unless we have exercised our right to redeem the notes of the applicable series as described above, holders of notes of such series will have the right to require us to repurchase all or any part equal to US\$2,000 or an integral multiple of US\$1,000 in excess thereof of the notes pursuant to the offer described below (the Change of Control Offer). In the Change of Control Offer, we will be required to offer payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased, to the date of purchase (the Change of Control Payment). Within 30 days following any Change of Control Triggering Event, we will be required to mail a notice to holders of notes describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the Change of Control Payment Date), pursuant to the procedures described in such notice. We must 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 senior notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, we will be required to comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control provisions of the Indenture by virtue of such conflicts.

On the Change of Control Payment Date, we will be required to:

accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

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

deliver or cause to be delivered to the Trustee the notes properly accepted together with an officers' certificate stating the aggregate principal amount of notes or portions of notes being purchased.

For purposes of the foregoing discussion of a repurchase at the option of holders of notes, the following definitions are applicable:

*Below Investment Grade Rating Event* means the notes of a 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 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,

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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 us and our subsidiaries taken as a whole to any person (as such term is used in Section 13(d) of the Exchange Act) other than us, CPRL or any of our or its 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 CPRL's voting shares; or (3) the first day on which a majority of the members of CPRL's Board of Directors are not Continuing Directors.

*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 CPRL 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 CPRL'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 our 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 us (by a resolution of our 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.

*S&P* means Standard & Poor's, a Division of The McGraw-Hill Companies, Inc.

## **Interest Rate Adjustment**

The interest rate payable on each series of notes will be subject to adjustments from time to time if Moody's Investors Service, Inc. (Moody's) (or, if applicable, any Substitute Rating Agency (as defined below)) or Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (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.

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If the ratings from Moody's or S&P (or, in either case if applicable, any Substitute Rating Agency) with respect to the notes (each, a Rating Agency, and collectively, the Rating Agencies) 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 2022 notes or the 2042 notes will increase from that set forth on the cover page of this prospectus supplement by the percentage set forth opposite that rating:

| Rating Level | Rating Agency |             | Percentage |
|--------------|---------------|-------------|------------|
|              | Moody's*      | S&P*        |            |
| 1            | Ba1           | BB+         | 0.250%     |
| 2            | Ba2           | BB          | 0.500%     |
| 3            | Ba3           | BB-         | 0.750%     |
| 4            | B1 or below   | B+ or below | 1.000%     |

\* 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 cover page of this prospectus supplement 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 cover page of this prospectus supplement.

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, we will use our commercially reasonable efforts to obtain a rating of that series of notes from another nationally recognized statistical rating organization, to the extent one exists, and if another nationally recognized statistical rating organization rates that series of notes (such organization, as certified by a resolution of our board of directors, a Substitute Rating Agency), 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 banking institution of national standing appointed by us 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 cover page of this prospectus supplement 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, 2.000% above the interest rate set forth on the cover page of this prospectus supplement.

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 (1) the per annum interest rate on any series of notes be reduced

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below the interest rate set forth on the cover page of this prospectus supplement with respect to such series or (2) the per annum interest rate on any series of notes exceed a rate that is 2.000% above the interest rate set forth on the cover page of this prospectus supplement with respect to such series of 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.

## **Book-Entry System**

The notes will be represented by fully registered global notes, without interest coupons and will be deposited upon issuance with the Trustee as custodian for The Depository Trust Company (DTC) in New York, New York, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant as described below. The provisions set forth under Description of Debt Securities Debt Securities in Global Form in the accompanying prospectus will be applicable to the notes. Except as set forth below, the global notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Except as described under Description of Debt Securities Debt Securities in Global Form in the accompanying prospectus, owners of beneficial interests in the registered global notes will not be entitled to receive notes in definitive form and will not be considered holders of notes under the Indenture.

Transfers of beneficial interests in the global notes are subject to the applicable rules and procedures of DTC and its direct or indirect participants, which may change.

## ***Certain Book-Entry Procedures for the Global Notes***

All interests in global notes will be subject to the operations and procedures of DTC, Euroclear and Clearstream Luxembourg. The descriptions of the operations and procedures of DTC, Euroclear and Clearstream Luxembourg set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. We obtained the information in this section and elsewhere in this prospectus supplement concerning DTC, Euroclear and Clearstream Luxembourg and their respective book-entry systems from sources that we believe are reliable, but we take no responsibility for the accuracy of any of this information, and investors are urged to contact the relevant system or its participants directly to discuss these matters.

*DTC.* DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust

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companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

*Clearstream Luxembourg.* Clearstream Luxembourg is incorporated under the laws of Luxembourg as a professional depository. Clearstream Luxembourg holds securities for its participating organizations ( Clearstream Luxembourg Participants ) and facilitates the clearance and settlement of securities transactions between Clearstream Luxembourg Participants through electronic book-entry changes in accounts of Clearstream Luxembourg Participants, thereby eliminating the need for physical movement of certificates. Clearstream Luxembourg provides Clearstream Luxembourg Participants with, among other things, services for safekeeping, administration, clearance and establishment of internationally traded securities and securities lending and borrowing. Clearstream Luxembourg Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, and may include the underwriters. Indirect access to Clearstream Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Luxembourg Participants either directly or indirectly.

Distributions with respect to notes held beneficially through Clearstream Luxembourg will be credited to cash accounts of Clearstream Luxembourg Participants in accordance with its rules and procedures to the extent received by the U.S. Depository for Clearstream Luxembourg.

*Euroclear.* Euroclear was created in 1968 to hold securities for participants of Euroclear ( Euroclear Participants ) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. (the Euroclear Operator ), under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation (the Cooperative ). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear Operator is regulated and examined by the Belgian Banking Commission.

Distributions of principal and interest with respect to notes held through Euroclear or Clearstream Luxembourg will be credited to the cash accounts of Euroclear or Clearstream Luxembourg participants in accordance with the relevant system s rules and procedures, to the extent received by such system s depository.

Links have been established among DTC, Clearstream Luxembourg and Euroclear to facilitate the initial issuance of the notes and cross-market transfers of the notes associated with secondary market trading. DTC will be linked indirectly to Clearstream Luxembourg and Euroclear through the DTC accounts of their respective U.S. depositories.

*Book-Entry Procedures.* Purchases of notes under the DTC system must be made by or through direct participants, which will receive a credit for the notes on DTC s records. The ownership interest of each actual purchaser of each note ( beneficial owner ) is in turn to be recorded on the direct and indirect participants records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the global notes are to be accomplished by entries made

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on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the global notes, except in the event that use of the book-entry system for the notes is discontinued.

The deposit of the global notes with DTC and their registration in the name of Cede & Co. do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the global notes; DTC's records reflect only the identity of the direct participants to whose accounts such securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

None of DTC, Cede & Co., or any other DTC nominee will consent or vote with respect to the global notes unless authorized by a direct participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the securities are credited on the record date. These participants are identified in a listing attached to the omnibus proxy.

Principal and interest payments on the global notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from us, on the applicable payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with notes held for the accounts of customers in bearer form or registered in street name. These payments will be the responsibility of these participants and not of DTC or its nominee, us, the Trustee, or any other agent or party, subject to any statutory or regulatory requirements that may be in effect from time to time. Payment of principal and interest to Cede & Co., or any other nominee as may be requested by an authorized representative of DTC, is our responsibility. Disbursement of the payments to direct participants is the responsibility of DTC, and disbursement of the payments to the beneficial owners is the responsibility of the direct or indirect participants.

We will send any redemption notices to DTC. If less than all of the notes of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in the issue to be redeemed.

A beneficial owner must give any required notice of its election to have its notes repurchased through the participant through which it holds its beneficial interest in the global notes to the applicable trustee or tender agent. The beneficial owner shall effect delivery of its notes by causing the direct participant to transfer its interest in the securities on DTC's records. The requirement for physical delivery of notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the securities are transferred by the direct participant on DTC's records and followed by a book-entry credit of tendered notes to the applicable trustee or agent's DTC account.

Transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream Luxembourg participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream Luxembourg, as the case may be, by its respective depository; however, those cross-market transactions will require delivery of instructions to Euroclear or Clearstream Luxembourg, as the case may be, by the counterparty in that system in accordance with the rules and procedures and within the

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established deadlines (Brussels time) of that system. Euroclear or Clearstream Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant global notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream Luxembourg participants may not deliver instructions directly to the depositories for Euroclear or Clearstream Luxembourg.

Because of time zone differences, the securities account of a Euroclear or Clearstream Luxembourg participant purchasing an interest in a global note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream Luxembourg participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream Luxembourg) immediately following the settlement date of DTC. DTC has advised us that cash received in Euroclear or Clearstream Luxembourg as a result of sales of interest in a global note by or through a Euroclear or Clearstream Luxembourg participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream Luxembourg cash account only as of the business day for Euroclear or Clearstream Luxembourg following DTC's settlement date.

Although we understand that DTC, Euroclear and Clearstream Luxembourg have agreed to the foregoing procedures to facilitate transfers of interests in the global notes among participants in DTC, Euroclear and Clearstream Luxembourg, they are under no obligation to perform or to continue to perform those procedures, and those procedures may be discontinued at any time. Neither we nor the Trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

### ***Same-Day Settlement and Payment***

We will make payments in respect of the notes represented by the global notes (including principal and interest) by wire transfer of immediately available funds to the accounts specified by the global note holder. We will make all payments of principal and interest with respect to notes in definitive form by wire transfer of immediately available funds to the accounts specified by the holders of the notes in definitive form or, if no such account is specified, by mailing a check to each such holder's registered address. The notes represented by the global notes are expected to trade in DTC's Same-Day Funds Settlement System.

Because of time zone differences, the securities account of a Euroclear or Clearstream Luxembourg participant purchasing an interest in a global note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream Luxembourg participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream Luxembourg) immediately following the settlement date of DTC. DTC has advised us that cash received in Euroclear or Clearstream Luxembourg as a result of sales of interests in a global note by or through a Euroclear or Clearstream Luxembourg participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream Luxembourg cash account only as of the business day for Euroclear or Clearstream Luxembourg following DTC's settlement date.

None of us, any underwriter or agent, the Trustee or any applicable paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a global note, or for maintaining, supervising or reviewing any records.

DTC may discontinue providing its services as securities depository with respect to the notes at any time by giving reasonable notice to us or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, notes in definitive form are required to be printed and delivered to each holder.

We may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, notes in definitive form will be printed and delivered.

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**MATERIAL INCOME TAX CONSIDERATIONS**

**United States**

The following summary is a discussion of material U.S. federal income tax consequences of the acquisition, ownership and disposition of the notes by a U.S. Holder, as defined below, that acquires the notes pursuant to this offering at the issue price, as defined below. This discussion is not a complete analysis or description of all of the possible tax consequences of such transactions and does not address all tax considerations that might be relevant to particular holders in light of their personal circumstances or to persons that are subject to special tax rules. In particular, the information set forth below deals only with holders that hold the notes as capital assets for U.S. federal income tax purposes (generally, property held for investment). This description of material U.S. federal income tax consequences does not address the tax treatment of special classes of holders, such as:

financial institutions,

regulated investment companies,

real estate investment trusts,

partnership or other pass-through entities (or investors in such entities),

tax-exempt entities,

insurance companies,

persons holding the notes as part of a hedging, integrated, or conversion transaction, constructive sale or straddle,

U.S. expatriates,

persons whose functional currency is not the U.S. Dollar,

persons carrying on a trade or business in Canada through a permanent establishment,

persons subject to the alternative minimum tax, and

dealers or traders in securities or currencies.

This summary does not address U.S. federal estate and gift tax consequences or tax consequences under any state, local or foreign laws.

The following discussion is based upon the Internal Revenue Code of 1986, as amended (the Code), the Treasury Regulations promulgated under the Code, U.S. judicial decisions and administrative pronouncements. All of the preceding authorities are subject to change, possibly with

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retroactive effect, which may result in U.S. federal income tax consequences different from those discussed below. We have not requested, and will not request, a ruling from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences described below. As a result, there can be no assurance that the IRS or a court considering these issues will not disagree with or challenge any of the conclusions we have reached and describe herein.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of notes that is (1) an individual who is a citizen or a resident alien of the United States as determined for U.S. federal income tax purposes, (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (4) a trust (A) if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have authority to control all substantial decisions of the trust, or (B) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If a partnership or other pass-through entity holds the notes, the tax treatment of a partner (or other owner) will generally depend upon the status of the partner (or other owner) and the activities of the entity. If a U.S.

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Holder is a partner (or other owner) of a pass-through entity that holds, or is considering the acquisition of, notes, such a U.S. Holder should consult their own tax advisor regarding the tax consequences of acquiring, owning and disposing of notes.

The following discussion is for general information only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder or prospective holder of notes, and no representation with respect to the U.S. federal income tax consequences to any such holder or prospective holder is given. **We urge prospective holders to consult their own tax advisor regarding the application of U.S. federal, state and local tax laws, as well as any applicable foreign tax laws, to their particular situation.**

### ***Payments of Interest***

Each payment of interest on a note will be taxable as foreign source ordinary interest income at the time it accrues or is received, in accordance with a U.S. Holder's method of accounting for U.S. federal income tax purposes. The interest will be foreign source income, which may be relevant to a U.S. Holder in calculating the foreign tax credit limitation. The rules governing foreign tax credits are complex and, therefore, a U.S. Holder should consult their own tax advisors regarding the availability of foreign tax credits in their particular circumstances.

In certain circumstances (see Description of Notes Change of Control and Description of Notes Registration Rights ), we may be obligated to pay amounts in excess of stated interest or principal on the notes. It is possible that our obligation to make additional payments on the notes could implicate the provisions of Treasury Regulations relating to contingent payment debt instruments. According to Treasury Regulations, the possibility that any such payments would be made will not cause the notes to be treated as contingent payment debt instruments if there is only a remote chance as of the date the notes are issued that such payments will be made. We intend to take the position that the likelihood that we will be obligated to make any such payments is remote. This determination is binding on a U.S. Holder unless such holder discloses its contrary position in the manner required by applicable Treasury Regulations. Our determination is not, however, binding on the IRS and if the IRS were to challenge this determination, a U.S. Holder may be required to accrue additional interest income on its notes and to treat as ordinary income rather than as capital gain any income realized on the sale or other disposition of a note before the resolution of the contingency. Under the intended treatment, if we pay a premium pursuant to the change of control provisions, U.S. Holders will be required to recognize such amounts as capital gain. The remaining discussion assumes the correctness of this treatment. Additional amounts paid pursuant to the obligations described under Description of Debt Securities Additional Amounts in the accompanying prospectus would be treated as ordinary income.

### ***Interest Rate Adjustment***

Under certain circumstances, the interest rate payable on the notes may be increased. See Description of the Notes Interest Rate Adjustment. Our obligation to pay such additional interest may implicate the provisions of the Treasury Regulations relating to contingent payment debt instruments. Under these regulations, however, a contingency will not cause a debt instrument to be treated as a contingent payment debt instrument if, as of the issue date, such contingency is remote or incidental, or, if the debt instrument provides for alternative payment schedules applicable upon the occurrence of a contingency, if the timing and amount of the payments that comprise each payment schedule are known as of the issue date and one of such schedules, including the stated payment schedule, is significantly more likely than not to apply. We intend to take the position, based on the foregoing regulations, that the foregoing contingency should not cause the notes to be contingent payment debt instruments. Our determination is not, however, binding on the IRS, which could challenge this position. If such challenge were successful, a U.S. Holder might be required to accrue income on the notes in excess of stated interest, and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of a note before the resolution of the contingencies. In the event a contingent payment actually occurs, it would affect the amount and timing of the income that a U.S. Holder will recognize. The remaining discussion assumes the correctness of this treatment.

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### ***Original Issue Discount***

A note with a term that exceeds one year will be treated as issued with original issue discount (OID) if the stated redemption price at maturity of the note exceeds its issue price by more than the de minimis amount. OID will be treated as de minimis if it is less than  $\frac{1}{4}$  of 1 percent of the stated redemption price at maturity multiplied by the number of complete years from the issue date of the note to its maturity. A note's issue price generally is the first price at which a substantial amount of notes included in the issue of which the note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The stated redemption price at maturity of a note is the total of all payments provided by the note that are not payments of qualified stated interest. Generally, an interest payment on a note is qualified stated interest if it is one of a series of stated interest payments on a note that are unconditionally payable at least annually at a single fixed rate, with certain exceptions for lower rates paid during some periods, applied to the outstanding principal amount of the note.

It is not expected that the notes will be issued with OID. If, however, the stated redemption price of a note exceeds its issue price by more than a de minimis amount, a U.S. Holder will be required to treat such excess amount as OID, which is treated for U.S. federal income tax purposes as accruing over the term of the note as interest income in accordance with a constant yield method based on a compounding of interest before the receipt of cash payments attributable to this income. A U.S. Holder's adjusted tax basis in a note would be increased by the amount of any OID included in gross income. In compliance with Treasury Regulations, if we determine that the notes have OID, we will provide certain information to the IRS and/or U.S. Holders that is relevant to determining the amount of OID in each accrual period.

### ***Sale, Exchange, Retirement or Other Taxable Disposition of the Notes***

A U.S. Holder will generally recognize capital gain or loss upon the sale, exchange, retirement or other taxable disposition of notes in an amount equal to the difference between (i) the amount of cash plus the fair market value of any property received (other than any amounts attributable to accrued but unpaid stated interest, which will be taxable as ordinary interest income to the extent not previously included in income), and (ii) the adjusted tax basis in the notes at the time of sale, exchange, retirement or other taxable disposition. A U.S. Holder's adjusted tax basis in the notes will generally be the amount paid for the notes increased by the amount of any OID previously included in income and decreased by the amount of any payments (other than payments of qualified stated interest) on the notes. Any capital gain or loss will be long-term capital gain or loss if at the time of the sale, exchange, retirement or other taxable disposition of the notes, the U.S. Holder has held the notes for more than one year. Long-term capital gain of non-corporate U.S. Holders, including individual U.S. Holders, is generally taxed at reduced rates. The gain or loss will generally be treated as U.S. source gain or loss. The deductibility of capital losses is subject to limitations.

### ***New Legislation***

Newly enacted legislation requires certain U.S. Holders who are individuals, estates or trusts to pay a 3.8 percent tax on, among other things, interest income and capital gains from the sale or other disposition of notes for taxable years beginning after December 31, 2012.

### ***Information Reporting and Backup Withholding***

In general, backup withholding and information reporting requirements apply to certain payments to U.S. Holders of principal of, and interest on, a note, and the receipt of proceeds on the sale or other disposition (including a retirement or redemption) of a note before maturity, in each case when made within the U.S. or through certain U.S. intermediaries, if a U.S. Holder: fails to furnish its taxpayer identification number, fails to certify that such number is correct, fails to certify that such U.S. Holder is not subject to backup withholding, or otherwise fails to comply with the applicable requirements of the backup withholding rules.

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U.S. Holders, including corporations, are generally not subject to backup withholding and information reporting requirements provided their exemptions from backup withholding and information reporting are properly established. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is furnished to the IRS in a timely manner. U.S. Holders should consult their tax advisors regarding the application of backup withholding, the availability of an exemption from backup withholding and the procedure for obtaining such an exemption, if available.

Further, United States return disclosure obligations (and related penalties for failure to disclose) have been imposed on United States individuals who hold certain specified foreign financial assets in excess of \$50,000. The definition of specified foreign financial asset includes not only financial accounts maintained in foreign financial institutions, but also generally includes the notes (subject to certain exceptions, including an exception for notes held in accounts maintained by domestic financial institutions). U.S. Holders are urged to consult their tax advisors regarding the effect, if any, of such U.S. federal income tax legislation on their ownership and disposition of notes.

## **Canada**

The following describes the principal Canadian federal income tax considerations as of the date of this prospectus supplement, generally applicable to a purchaser of notes (a Non-Resident Holder) who, for the purposes of the *Income Tax Act* (Canada) (the ITA) at all relevant times, is not, and is not deemed to be, resident in Canada, does not use or hold and is not deemed to use or hold the notes in carrying on a business in Canada, deals at arm's length with us, is not an authorized foreign bank and is not an insurer that carries on an insurance business in Canada and elsewhere.

This summary takes into account the current provisions of the ITA and the regulations passed pursuant to the ITA (the ITA Regulations) in force as of the date of this prospectus supplement, and proposals to amend the ITA and ITA Regulations publicly announced prior to the date of this prospectus supplement by the federal Minister of Finance and the current published administrative practices of the Canada Revenue Agency. This description is not exhaustive of all Canadian federal income tax considerations and does not anticipate any changes in law whether by legislative, government or judicial action other than the passage of such publicly announced proposed amendments to the ITA or ITA Regulations, nor does it take into account provincial, territorial or foreign tax considerations which may differ from the Canadian federal income tax considerations described in this prospectus supplement.

**This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder of notes. Prospective holders should consult their own Canadian tax advisors with respect to the Canadian income tax considerations associated with their participation in this offering.**

Pursuant to the ITA, interest paid or credited or deemed to be paid or credited by us on the notes as the case may be, to a Non-Resident Holder will be exempt from Canadian withholding tax. No other taxes on income (including taxable capital gains) will be payable pursuant to the ITA by a Non-Resident Holder in respect of the acquisition, ownership or disposition of the notes.

**Table of Contents****UNDERWRITING**

Subject to the terms and conditions contained in an underwriting agreement, dated as of the date of this prospectus supplement between us and the underwriters named below, for whom J.P. Morgan Securities LLC is acting as representative, we have agreed to sell to each underwriter, and each underwriter has severally agreed to purchase from us, the principal amount of notes that appears opposite its name in the table below:

| Underwriter   | Principal amount<br>of 2022 notes | Principal amount<br>of 2042 notes |
|---|-----------------------------------|-----------------------------------|
| J.P. Morgan Securities LLC                            | \$ 93,750,000                     | \$ 93,750,000                     |
| TD Securities (USA) LLC                               | \$ 43,750,000                     | \$ 43,750,000                     |
| Morgan Stanley & Co. LLC                              | \$ 20,000,000                     | \$ 20,000,000                     |
| RBC Capital Markets, LLC                              | \$ 20,000,000                     | \$ 20,000,000                     |
| BMO Capital Markets Corp.                             | \$ 14,500,000                     | \$ 14,500,000                     |
| CIBC World Markets Corp.                              | \$ 14,500,000                     | \$ 14,500,000                     |
| Merrill Lynch, Pierce, Fenner & Smith<br>Incorporated | \$ 14,500,000                     | \$ 14,500,000                     |
| National Bank of Canada Financial Inc.                | \$ 14,500,000                     | \$ 14,500,000                     |
| Scotia Capital (USA) Inc.                             | \$ 14,500,000                     | \$ 14,500,000                     |
| <b>Total</b>  | <b>US\$ 250,000,000</b>           | <b>US\$ 250,000,000</b>           |

The underwriters are offering the notes subject to their acceptance of the notes from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the notes offered by this prospectus supplement are subject to certain conditions. The underwriters are obligated to take and pay for all of the notes offered by this prospectus supplement if any such notes are taken.

The underwriters initially propose to offer the notes to the public at the public offering price that appears on the cover page of this prospectus supplement. In addition, the underwriters initially propose to offer the notes to certain dealers at prices that represent a concession not in excess of 0.400% of the principal amount of the 2022 notes and 0.500% of the principal amount of the 2042 notes. Any underwriter may allow, and any such dealer may reallow, a concession not in excess of 0.250% and 0.250% of the principal amount of the 2022 notes and the 2042 notes, respectively, of the principal amount of the notes to certain other dealers. After the initial offering of the notes, the underwriters may from time to time vary the offering prices and other selling terms. The underwriters may offer and sell notes through certain of their affiliates.

The following table shows the underwriting discount that we will pay to the underwriters in connection with the offering of the notes:

|               | Paid by us            |
|---------------|-----------------------|
| Per 2022 Note | 0.650%                |
| Per 2042 Note | 0.875%                |
| <b>Total</b>  | <b>US\$ 3,812,500</b> |

Expenses associated with this offering to be paid by us, other than underwriting discounts, are estimated to be approximately US\$0.75 million.

We have also agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments which the underwriters may be required to make in respect of any such liabilities.

The notes are a new issue of securities, and there is currently no established trading market for the notes. We do not intend to apply for the notes to be listed on any securities exchange or to arrange for the notes to be quoted on any quotation system. The underwriters have advised us that they intend to make a market in the notes,



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but they are not obligated to do so. The underwriters may discontinue any market making in the notes at any time at their sole discretion. Accordingly, we cannot assure you that a liquid trading market will develop for the notes, that you will be able to sell your notes at a particular time or that the prices you receive when you sell will be favorable.

In connection with the offering of the notes, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the prices of the notes. Specifically, the underwriters may overallocate in connection with the offering of the notes, creating syndicate short positions. In addition, the underwriters may bid for and purchase notes in the open market to cover syndicate short positions or to stabilize the prices of the notes. Finally, the underwriting syndicate may reclaim selling concessions allowed for distributing the notes in the offering of the notes, if the syndicate repurchases previously distributed notes in syndicate covering transactions, stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market prices of the notes above independent market levels. The underwriters are not required to engage in any of these activities, and may end any of them at any time.

From time to time in the ordinary course of their respective businesses, certain of the underwriters and their affiliates have engaged in and may in the future engage in commercial banking, derivatives and/or financial advisory, investment banking and other commercial transactions and services with us and our affiliates for which they have received or will receive customary fees and commissions. Also, certain of the underwriters are affiliates of banks which are lenders to us and to which we are currently indebted. As a consequence of their participation in the offering, the underwriters affiliated with such banks will be entitled to share in the underwriting commission relating to the offering of the notes. The decision to distribute the notes hereunder and the determinations of the terms of the offering were made through negotiations between us and the underwriters.

## **Sales Outside the United States**

### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of notes which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of notes to the public in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

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**Notice to Investors in the United Kingdom**

Each of the underwriters has represented, warranted and agreed as follows:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom (the FSMA )) to persons who have professional experience in matters relating to investments falling with Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or in circumstances in which section 21 of FSMA does not apply to Canadian Pacific Railway; and
- (b) it has complied with, and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

**Notice to Residents of Japan**

The notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended (the FIEA )) and each underwriter may not offer or sell any notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

**Notice to Residents of Hong Kong**

Each of the underwriters has that (i) the notes may not be offered or sold by means of any document, other than (a) to professional investors as defined in the securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (b) in other circumstances which do not result in the document being a prospectus as defined in the Companies Ordinance (Cap. 32 of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance or (ii) issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere any advertisement, invitation or document relating to the notes which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Prospective investors are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

**Notice to Residents of Singapore**

This prospectus supplement or any other offering material relating to the notes have not been and will not be registered as a prospectus with the Monetary Authority of Singapore, and the notes will be offered in Singapore pursuant to exemptions under Section 274 and Section 275 of the Securities and Futures Act, Chapter 289 of Singapore (the Securities and Futures Act ). Accordingly the notes may not be offered or sold, or be the subject of an invitation for subscription or purchase, nor may this prospectus supplement or any other offering material relating to the notes be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore other than (a) to an institutional investor or other person specified in Section 274 of the Securities and Futures Act, (b) to a sophisticated investor, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

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### Canada

The notes offered hereby have not been qualified for sale under the securities laws of any province or territory of Canada and are not being and may not be offered or sold in Canada in contravention of the securities laws of any province or territory of Canada. None of the underwriters participating in the distribution of the notes will offer to sell, directly or indirectly, any notes acquired by it in connection with the distribution, in Canada or to residents of Canada in contravention of the securities laws of Canada or any province or territory thereof.

### LEGAL MATTERS

Certain legal matters relating to Canadian law will be passed upon for us by Macleod Dixon LLP, Calgary, Alberta, Canada. Certain legal matters relating to United States law will be passed upon for us by Paul, Weiss, Rifkind, Wharton & Garrison LLP, New York, New York. In addition, certain legal matters relating to United States law will be passed upon for the underwriters by Davis Polk & Wardwell LLP, New York, New York.

### DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference into the prospectus solely for the purposes of the notes offered hereby. Other documents are also incorporated or deemed to be incorporated by reference into the prospectus. The following documents which have been filed with the securities commission or similar authority in each of the provinces and territories of Canada are also specifically incorporated by reference in and form an integral part of the prospectus:

- (a) CPRL's annual information form dated March 2, 2011;
- (b) CPRL's audited comparative consolidated financial statements, including the notes thereto, as at and for the year ended December 31, 2010, together with the auditor's report thereon;
- (c) CPRL's Management's Discussion and Analysis for the year ended December 31, 2010;
- (d) CPRL's Management Proxy Circular dated March 24, 2011;
- (e) CPRL's unaudited comparative consolidated financial statements, including the notes thereto, as at and for the nine months ended September 30, 2011; and
- (f) CPRL's Management's Discussion and Analysis for the nine months ended September 30, 2011.

**Any statement contained in the prospectus, in this prospectus supplement or in any document (or part thereof) incorporated by reference, or deemed to be incorporated by reference, into the prospectus for the purpose of the offering of the notes offered hereby shall be deemed to be modified or superseded to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document (or part thereof) that also is, or is deemed to be, incorporated by reference in the prospectus modifies or supersedes that statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this prospectus supplement or the prospectus. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes.**

You may obtain a copy of our Annual Information Form and other information identified above by writing or calling us at the following address and telephone number:

Canadian Pacific Railway Company

Edgar Filing: CANADIAN PACIFIC RAILWAY CO/NEW - Form SUPPL

Suite 920, 401 9 Avenue S.W.

Calgary, Alberta T2P 4Z4

(403) 319-6171

Attention: Corporate Secretary

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**Base Shelf Prospectus**

*This short form prospectus has been filed under legislation in the Province of Alberta that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

*This short form prospectus constitutes a public offering of the securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Canadian Pacific Railway Company, Suite 920, 401 9th Avenue S.W., Calgary, Alberta, T2P 4Z4, Telephone: (403) 319-6171 and are also available electronically at [www.sedar.com](http://www.sedar.com).*

**Short Form Prospectus**

New Issue

June 29, 2011

**CANADIAN PACIFIC RAILWAY COMPANY**

**US\$1,500,000,000**

**Debt Securities**

Canadian Pacific Railway Company may from time to time, during the 25-month period that this prospectus remains effective, offer for sale debt securities in an aggregate principal amount of up to US\$1,500,000,000 or its equivalent in any other currency. These debt securities may consist of debentures, notes or other types of debt and may be issued in series.

We will provide the specific terms of these securities and all information omitted from this prospectus in supplements to this prospectus that will be delivered to you together with this prospectus. You should read this prospectus and the supplements carefully before you invest.

**Neither the United States Securities and Exchange Commission (the SEC) nor any state securities regulator has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offence in the United States.**

**We are permitted under a multijurisdictional disclosure system adopted by the United States to prepare this prospectus in accordance with Canadian disclosure requirements. Prospective investors should be aware that such requirements are different from those of the United States.**

**Owning the securities described herein may subject you to tax consequences both in the United States and Canada. You should read the tax discussion in any applicable prospectus supplement. This prospectus or any applicable prospectus supplement may not describe these tax consequences fully.**

**Your ability to enforce civil liabilities under United States federal securities laws may be affected adversely because we are incorporated under the laws of Canada, most of our officers and directors and most of the experts named in this prospectus are residents of Canada, and a substantial portion of our assets are located outside the United States.**

**The debt securities offered hereby have not been qualified for sale in Canada and are not being and may not be offered or sold, directly or indirectly, in Canada or to any resident of Canada in contravention of the securities laws of any province or territory of Canada.**

**There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this short form prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading**

**prices, the liquidity of the securities, and the extent of issuer regulation. See Risk Factors .**

Our head and registered office is located at Suite 500, 401 9th Avenue S.W., Calgary, Alberta, T2P 4Z4.

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**ABOUT THIS PROSPECTUS**

In this prospectus, unless otherwise specified or the context otherwise requires, references to Canadian Pacific Railway, us, we or our mean Canadian Pacific Railway Company and its subsidiaries. Unless otherwise specified, all dollar amounts contained herein are expressed in Canadian dollars, and references to dollars, Cdn\$ or \$ are to Canadian dollars and all references to US\$ are to United States dollars.

This prospectus is part of a registration statement on Form F-9 relating to the debt securities that we filed with the SEC. Under the registration statement, we may, from time to time, sell any combination of the debt securities described in this prospectus in one or more offerings up to an aggregate principal amount of US\$1,500,000,000 or its equivalent in any other currency. This prospectus provides you with a general description of the debt securities that we may offer. Each time we sell debt securities under the registration statement, we will provide a prospectus supplement that will contain specific information about the terms of that offering of debt securities. The prospectus supplement may also add, update or change information contained in this prospectus. Before you invest, you should read both this prospectus and any applicable prospectus supplement together with additional information described under the headings *Where You Can Find More Information* and *Documents Incorporated by Reference*. This prospectus does not contain all of the information set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. Reference is made to the registration statement and the exhibits thereto for further information with respect to Canadian Pacific Railway and the debt securities.

Unless otherwise indicated, all financial information included and incorporated by reference into this prospectus is determined using generally accepted accounting principles in the United States, referred to as U.S. GAAP. U.S. GAAP differs from generally accepted accounting principles in Canada before the adoption of International Financial Reporting Standards (IFRS), referred to as Canadian GAAP, and IFRS applied by most Canadian reporting issuers starting in 2011. Therefore, the comparative consolidated financial statements incorporated by reference into this prospectus may not be comparable to financial statements prepared in accordance with Canadian GAAP or IFRS. A discussion of the principal differences between the financial results calculated under U.S. GAAP and under Canadian GAAP as it relates to the Company is provided in the notes to the annual comparative consolidated financial statements incorporated by reference into this prospectus.

**WHERE YOU CAN FIND MORE INFORMATION**

Canadian Pacific Railway Company is a wholly-owned subsidiary of Canadian Pacific Railway Limited (CPRL), a publicly traded corporation whose common shares are listed on the Toronto Stock Exchange and the New York Stock Exchange. Pursuant to a decision of the applicable Canadian securities regulatory authorities, we are not subject to most Canadian continuous disclosure requirements provided that CPRL complies with its continuous

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disclosure requirements. We remain responsible for filing material change reports upon the occurrence of a material change in our affairs which is not also a material change in the affairs of CPRL. The decision further permits us to incorporate by reference into this prospectus all information or documents that would be required to be incorporated by reference in a short form prospectus filed by CPRL.

We and CPRL are subject to the information requirements of the United States Securities Exchange Act of 1934, as amended (the U.S. Exchange Act), and in accordance therewith file reports and other information with the SEC. Under the multijurisdictional disclosure system adopted by Canada and the United States, such reports and other information may be prepared in accordance with the disclosure requirements of Canada, which requirements are different from those of the United States. You may read any document we and CPRL furnish to the SEC at the SEC's public reference room at Room 1580, 100 F Street, N.E., Washington, D.C., 20549. Copies of the same documents may also be obtained from the public reference room of the SEC at 100 F Street, N.E., Washington D.C., 20549 by paying a fee. Please call the SEC at 1-800-SEC-0330 or access its website at [www.sec.gov](http://www.sec.gov) for further information on the public reference room. Our and CPRL's filings since November 2002 are also electronically available from the SEC's Electronic Document Gathering and Retrieval System, which is commonly known by the acronym EDGAR and which may be accessed at [www.sec.gov](http://www.sec.gov), as well as from commercial document retrieval services.

### **DOCUMENTS INCORPORATED BY REFERENCE**

Pursuant to a decision made by the Alberta Securities Commission on behalf of the securities commission or similar regulatory authority in each of the provinces and territories of Canada (the MRRS Decision), the Company is not subject to certain continuous disclosure requirements provided that Canadian Pacific Railway Limited (CPRL), which company owns all of the outstanding shares of the Company, complies with such continuous disclosure requirements. The MRRS Decision further permits the Company to incorporate by reference in this short form prospectus all information or documents that would be required to be incorporated by reference in a short form prospectus filed by CPRL. We incorporate by reference the documents of CPRL listed below, which were filed with the securities commission or other similar authority in each of the provinces and territories of Canada and form an integral part of this prospectus:

CPRL's annual information form (the AIF) dated March 2, 2011;

CPRL's audited comparative consolidated financial statements, including the notes thereto, for the year ended December 31, 2010, together with the auditor's report thereon;

CPRL's Management's Discussion and Analysis (MD&A) for the year ended December 31, 2010;

CPRL's management proxy circular dated March 24, 2011;

CPRL's unaudited comparative consolidated financial statements, including the notes thereto, for the three months ended March 31, 2011; and

CPRL's Management's Discussion and Analysis for the three months ended March 31, 2011.

Any annual information form, audited annual consolidated financial statements (together with the auditor's report thereon), information circular, unaudited interim consolidated financial statements, management's discussion and analysis, material change reports (excluding confidential material change reports) or busi