

February 22, 2008

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC, NEW BRUNSWICK,
NOVA SCOTIA, NEWFOUNDLAND AND
LABRADOR AND THE NORTHWEST TERRITORIES
(the Jurisdictions)

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
CANADIAN PACIFIC RAILWAY LIMITED
(the Filer)

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the requirements contained in the Legislation relating to issuer bids (the **Issuer Bid Requirements**) shall not apply to purchases of the Filer's common shares (the **Common Shares**) made by the Filer through the facilities of the New York Stock Exchange pursuant to any Future Bid (as defined below) (the **Requested Relief**).

2. Under the Mutual Reliance Review System for Exemptive Relief Applications (the **MRRS**):

(a) the Alberta Securities Commission is the principal regulator for this application; and

(b) this MRRS Decision Document evidences the decision of each Decision Maker.

Interpretation

3. Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

4. This decision is based on the following facts represented by the Filer:

(a) The Filer is a corporation incorporated under the *Canada Business Corporations Act*.

(b) The Filer's head office is located in Calgary, Alberta.

(c) The Filer is a reporting issuer in all the jurisdictions of Canada that incorporate such a concept in their legislation and the Filer is not in default of any requirements of the applicable securities legislation in any of the jurisdictions of Canada in which it is a reporting issuer.

(d) The Filer is an SEC registrant under the *1934 Act*.

(e) As at December 31, 2007, the Filer had approximately 153,269,328 Common Shares issued and outstanding.

(f) The Common Shares are listed and posted for trading on the Toronto Stock Exchange (the **TSX**) and the New York Stock Exchange (the **NYSE**).

(g) Since 2005, the Filer has annually filed the necessary documents in order to permit it to make normal course issuer bid purchases of its Common Shares through the facilities of the TSX and NYSE. The Filer currently anticipates that it will continue to make the necessary filings on an annual basis in order to be able to make purchases of its Common Shares through the facilities of both the TSX and NYSE.

(h) The by-laws, regulations and policies of the TSX relating to normal course issuer bids (the **TSX NCIB Rules**) allow purchases of up to 10% of the public float (as defined in the **TSX NCIB Rules**) of the class of securities subject to such a bid to be made through the facilities of the TSX over the course of a year.

(i) Issuer bid purchases made through the facilities of the TSX in accordance with the **TSX NCIB Rules** are exempt from the Issuer Bid Requirements pursuant to the "designated exchange exemption" contained in the Legislation (the **Designated Exchange Exemption**), while purchases through the facilities of

the NYSE are not exempt pursuant to such exemption because the Decision Makers recognize the TSX as a "designated exchange" for the purpose of the Designated Exchange Exemption but not the NYSE.

(j) Issuer bid purchases made through the facilities of the NYSE are exempt from the Issuer Bid Requirements pursuant to the "normal course issuer bid exemption" contained in the Legislation (the **NCIB Exemption**), which limits the aggregate number of securities which may be purchased during a 12 month period to 5% of the securities of that class issued and outstanding at the commencement of that period.

(k) Purchases of Common Shares by the Filer of up to 10% of the public float through the facilities of the NYSE would be permitted under the rules of the NYSE and under US federal securities law.

(l) No other exemptions exist under the Legislation that would otherwise permit the Filer to make purchases through the NYSE where the purchases exceed the 5% limitation in the NCIB Exemption.

(m) The Filer anticipates that in the future, through renewals of its normal course issuer bid program, it may wish to make purchases of its Common Shares through the facilities of both the TSX and NYSE where the purchases fall within the 10% limit under the TSX NCIB Rules but exceed the 5% limit in the NCIB Exemption (a **Future Bid**).

Decision

5. Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the decision has been met.

6. The decision of the Decision Makers pursuant to the Legislation is that Requested Relief is granted, provided that the purchases of Common Shares made by the Filer through the facilities of the NYSE are part of a normal course issuer bid that complies with the TSX NCIB Rules.

"Glenda A. Campbell, QC"
Alberta Securities Commission

"Stephen R. Murison"
Alberta Securities Commission

