

CANADIAN PACIFIC RAILWAY LTD/CN  
Form 6-K  
October 27, 2009

**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form 6-K**

**Report of Foreign Issuer  
Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934  
For the month of October, 2009**

**CANADIAN PACIFIC RAILWAY LIMITED**

(Commission File No. 1-01342)

**CANADIAN PACIFIC RAILWAY COMPANY**

(Commission File No. 1-15272)

(translation of each Registrant's name into English)

Suite 500, Gulf Canada Square, 401 9th Avenue, S.W., Calgary, Alberta, Canada, T2P 4Z4

(address of principal executive offices)

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

Indicate by check mark if the registrants are submitting the Form 6-K in paper as permitted by Regulation S-TRule 101(b)(1):

Indicate by check mark if the registrants are submitting the Form 6-K in paper as permitted by Regulation S-TRule 101(b)(7):

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

Yes  No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
82-\_\_\_\_\_

This Report furnished on Form 6-K shall be incorporated by reference into each of the following Registration Statements under the Securities Act of 1933 of the registrant: Form S-8 No. 333-140955 (Canadian Pacific Railway Limited), Form S-8 No. 333-127943 (Canadian Pacific Railway Limited) and Form S-8 No. 333-13962 (Canadian Pacific Railway Limited).

SIGNATURES

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

CANADIAN PACIFIC RAILWAY LIMITED  
(Registrant)

Date: October 27, 2009

Signed: Karen L. Fleming  
By: Name: Karen L. Fleming  
Title: Corporate Secretary

CANADIAN PACIFIC RAILWAY COMPANY  
(Registrant)

Date: October 27, 2009

Signed: Karen L. Fleming  
By: Name: Karen L. Fleming  
Title: Corporate Secretary

---

Release: Immediate, October 27<sup>th</sup>, 2009

**CANADIAN PACIFIC ANNOUNCES THIRD-QUARTER RESULTS**

CALGARY Canadian Pacific Railway Limited (TSX/NYSE: CP) announced third-quarter net income of \$195 million, an increase of 14 per cent from \$171 million in 2008. Diluted earnings per share were \$1.16, an increase of five per cent from \$1.10 in third-quarter 2008. Foreign exchange gain and loss on long-term debt and other specified items after tax, including the sale of two large properties, had an impact on earnings of \$0.31. Excluding these items, adjusted diluted earnings per share were \$0.85.

We delivered strong cost control and tight resource management this quarter while traffic volumes remained under pressure, said Fred Green, President and CEO. We are continuing to refine and optimize our business processes to further drive structural cost improvements. This increases our flexibility and positions us well to respond to changes in volumes as the economy begins to recover.

For the third-quarter and the first nine months of 2009, the results of the Dakota, Minnesota & Eastern Railroad (DM&E) are fully consolidated with CP's results; however, for the same periods in 2008 DM&E earnings were reported as equity income on one line of the income statement. In order to aid in the evaluation of the underlying earnings trends, 2008 results have also been presented on a pro forma basis, which is a non-GAAP measure. Financial data presented on a pro forma basis, redistributes DM&E's operating results from an equity income basis of accounting to a line-by-line consolidation of DM&E revenues and expenses.

**THIRD-QUARTER 2009 COMPARED WITH THIRD-QUARTER 2008**

**EXCLUDING FOREIGN EXCHANGE GAIN AND LOSS ON LONG-TERM DEBT AND OTHER SPECIFIED ITEMS ON A PRO FORMA BASIS:**

Total revenues were \$1.1 billion, down 20 per cent from \$1.4 billion

Operating expenses were \$827 million, down 20 percent from \$1.0 billion

Income decreased to \$144 million from \$184 million, or 22 per cent

Diluted earnings per share decreased to \$0.85 from \$1.19, or 29 per cent

Operating ratio increased 20 basis points to 76.0 per cent

**SUMMARY OF FIRST NINE MONTHS OF 2009 COMPARED WITH FIRST NINE MONTHS OF 2008**

Net income was virtually flat at \$415 million compared with \$416 million in 2008

Diluted earnings per share were \$2.50 down from \$2.68 or seven per cent

**EXCLUDING FOREIGN EXCHANGE GAIN AND LOSS ON LONG-TERM DEBT AND OTHER SPECIFIED ITEMS ON A PRO FORMA BASIS:**

Total revenues were \$3.2 billion down 18 per cent from \$3.9 billion

Operating expenses were \$2.6 billion a decrease of 17 per cent from \$3.1 billion

Income was \$298 million a decrease of 34 per cent from \$451 million

Diluted earnings per share were \$1.80 down from \$2.90 or 38 per cent

Operating ratio increased 130 basis points to 80.3 per cent from 79.0 per cent

#### FOREIGN EXCHANGE GAIN AND LOSS ON LONG-TERM DEBT AND OTHER SPECIFIED ITEMS

CP had a foreign exchange loss on long-term debt of \$18 million after tax in the third quarter of 2009, compared with a foreign exchange gain on long-term debt of \$6 million after tax in the third quarter of 2008. For the first nine months of 2009, CP had a foreign exchange loss on long-term debt of \$24 million after tax, compared with no foreign exchange gain or loss after tax for the first nine months of 2008. As part of a consolidated financing strategy, CP structures its U.S. dollar long-term debt in different taxing jurisdictions. As well, a portion of this debt is designated as a net investment hedge against net investment in U.S. subsidiaries. As a result, the tax on foreign exchange gains and losses on long-term debt in different taxing jurisdictions can vary significantly.

Other specified items in the third-quarter of 2009 included two property sales of \$68 million after tax. For the first nine months of 2009 there was also a gain on sale of a portion of the Detroit River Tunnel Partnership of \$69 million, after tax.

In the third quarter of 2009 other specified items included a redemption and adjustments for an improvement in fair market value of long-term floating rate notes received in replacement of the investment in Asset-Backed Commercial Paper (ABCP) of \$1 million after tax, compared to an impairment in ABCP of \$20 million after tax, recorded in the same period of 2008. For the first nine-months of 2009 other specified items included a similar adjustment for an improvement of \$5 million, after tax, compared to an impairment in ABCP of \$35 million after tax, recorded in the same period of 2008.

#### **Presentation of non-GAAP earnings**

CP presents non-GAAP earnings measures in this news release to provide an additional basis for evaluating underlying earnings and liquidity trends in its business that can be compared with prior periods' results of operations. When foreign exchange gains and losses on long-term debt and other specified items are excluded from diluted earnings per share, income and income tax expense, these are non-GAAP measures. Additional non-GAAP measures include Operating income, Capital program and Financial data on a pro forma basis.

These non-GAAP earnings measures exclude foreign currency translation effects on long-term debt and the tax thereon, which can be volatile and short term. These non-GAAP earnings measures exclude foreign currency translation effects on long-term debt, which can be volatile and short term. The impact of volatile short-term rate fluctuations on foreign-denominated debt is only realized when long-term debt matures or is settled. In addition, these non-GAAP measures exclude other specified items (described below) that are not a part of CP's normal ongoing revenues and operating expenses. A reconciliation of income, excluding foreign exchange gains and losses on long-term debt and other specified items, to net income as presented in the financial statements is detailed in the attached Summary of Rail Data.

Diluted earnings per share, excluding foreign exchange gains and losses on long-term debt and other specified items, is also referred to in this news release as adjusted diluted earnings per share. Revenues less operating expenses are referred to as Operating Income and Additions to property is referred to as Capital Program.

Other specified items are material transactions that may include, but are not limited to, restructuring and asset impairment charges, gains and losses on non-routine sales of assets, unusual income tax adjustments, and other items that do not typify normal business activities.

Pro forma data provides comparable measures for periods in 2008 that preceded the Surface Transportation Board's approval of the change of control of the DM&E on October 30, 2008. Following that approval, the DM&E results are fully consolidated with CP's operations. A reconciliation of 2008 financial data on a pro forma basis to financial data as reported can be found in Management's Discussion and Analysis (Section 6.0 Non-GAAP Earnings).

The non-GAAP earnings measures described in this news release have no standardized meanings and are not defined by Canadian generally accepted accounting principles and, therefore, are unlikely to be comparable to similar measures presented by other companies.

**Note on forward-looking information**

This news release contains certain forward-looking statements relating but not limited to our operations, anticipated financial performance and business prospects. Undue reliance should not be placed on forward-looking information as actual results may differ materially.

By its nature, CP's forward-looking information involves numerous assumptions, inherent risks and uncertainties, including but not limited to the following factors: changes in business strategies; general North American and global economic, credit and business conditions; risks in agricultural production such as weather conditions and insect populations; the availability and price of energy commodities; the effects of competition and pricing pressures; industry capacity; shifts in market demand; 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; transportation of dangerous goods, timing of completion of capital and maintenance projects; currency and interest rate fluctuations; effects of changes in market conditions and discount rates on the financial position of pension plans and investments, including ABCP; and various events that could disrupt operations, including severe weather conditions, security threats and governmental response to them, and technological changes.

There are factors that could cause actual results to differ from those described in the forward-looking statements contained in this news release. These more specific factors are identified and discussed elsewhere in this news release with the particular forward-looking statement in question.

Except as required by law, CP undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise.

Canadian Pacific, through the ingenuity of its employees located across Canada and in the United States, remains committed to being the safest, most fluid railway in North America. Our people are the key to delivering innovative transportation solutions to our customers and to ensuring the safe operation of our trains through the more than 1,100 communities where we operate. Come and visit us at [www.cpr.ca](http://www.cpr.ca) to see how we can put our ingenuity to work for you. Canadian Pacific is proud to be the official rail freight services provider for the Vancouver 2010 Olympic and Paralympic Winter Games.

Contacts:

Media

Mike LoVecchio

Tel.: (778) 772-9636

email: [mike\\_lovecchio@cpr.ca](mailto:mike_lovecchio@cpr.ca)

Investment Community

Janet Weiss, Assistant Vice-President

Investor Relations

Tel.: (403) 319-3591

email: [investor@cpr.ca](mailto:investor@cpr.ca)

**CANADIAN PACIFIC RAILWAY LIMITED**  
**CONSOLIDATED STATEMENT OF INCOME**  
(in millions of Canadian dollars, except per share data)

	For the three months ended September 30		For the nine months ended September 30	
	2009	2008 Restated (see Note 2)	2009	2008 Restated (see Note 2)
	(unaudited)		(unaudited)	
<b>Revenues</b>				
Freight	\$ 1,061.5	\$ 1,239.5	\$ 3,084.2	\$ 3,557.0
Other	26.7	25.2	97.1	74.9
	1,088.2	1,264.7	3,181.3	3,631.9
<b>Operating expenses</b>				
Compensation and benefits	320.2	312.3	962.7	956.1
Fuel	134.0	275.8	422.7	766.3
Materials	45.8	49.3	164.3	171.3
Equipment rents	42.9	44.4	139.8	136.4
Depreciation and amortization	132.7	120.8	400.3	365.4
Purchased services and other	151.4	162.3	465.1	487.7
	827.0	964.9	2,554.9	2,883.2
<b>Revenues less operating expenses</b>	<b>261.2</b>	<b>299.8</b>	<b>626.4</b>	<b>748.7</b>
Gain on sale of partnership interest ( <i>Note 4</i> )			81.2	
Gain on sale of Windsor Station and a land sale in Western Canada ( <i>Note 5</i> )	79.1		79.1	
Gain (loss) in fair value of long-term floating rate notes/ asset-backed commercial paper ( <i>Note 12</i> )	1.6	(28.1)	6.3	(49.4)
Foreign exchange gain (loss) on long-term debt	(0.1)	(2.9)	2.7	(12.4)
Equity income in Dakota, Minnesota & Eastern Railroad Corporation ( <i>Note 13</i> )		16.5		40.9
Less:				
Other income and charges ( <i>Note 7</i> )	1.6	2.8	28.2	14.4
Net interest expense ( <i>Note 8</i> )	64.7	64.5	210.4	187.3
<b>Income before income tax expense</b>	<b>275.5</b>	<b>218.0</b>	<b>557.1</b>	<b>526.1</b>

Income tax expense ( <i>Note 9</i> )	80.1	47.3	141.9	110.0
<b>Net income</b>	<b>\$ 195.4</b>	<b>\$ 170.7</b>	<b>\$ 415.2</b>	<b>\$ 416.1</b>
<b>Basic earnings per share</b> ( <i>Note 10</i> )	<b>\$ 1.16</b>	<b>\$ 1.11</b>	<b>\$ 2.51</b>	<b>\$ 2.71</b>
<b>Diluted earnings per share</b> ( <i>Note 10</i> )	<b>\$ 1.16</b>	<b>\$ 1.10</b>	<b>\$ 2.50</b>	<b>\$ 2.68</b>

See notes to interim consolidated financial statements.

**CANADIAN PACIFIC RAILWAY LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
(in millions of Canadian dollars)

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2009</b>	<b>2008</b> Restated (see Note 2)	<b>2009</b>	<b>2008</b> Restated (see Note 2)
	(unaudited)		(unaudited)	
<b>Comprehensive income</b>				
Net Income	\$ 195.4	\$ 170.7	\$ 415.2	\$ 416.1
Other comprehensive income				
Unrealized foreign exchange (loss) gain on:				
Translation of the net investment in U.S. subsidiaries	(135.6)	60.0	(221.2)	97.2
Translation of the U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries	134.3	(57.8)	216.4	(92.8)
Change in derivatives designated as cash flow hedges:				
Realized loss (gain) on cash flow hedges settled in the period	0.7	(3.5)	3.5	(12.4)
Unrealized (loss) gain on cash flow hedges	(3.1)	(7.7)	0.1	7.5
Realized loss (gain) on cash flow hedges settled in prior periods	(0.1)	(0.1)	1.7	1.5
Other comprehensive (loss) income before income taxes	(3.8)	(9.1)	0.5	1.0
Income tax (expense) recovery	(17.2)	10.2	(30.9)	12.9
Other comprehensive (loss) income	(21.0)	1.1	(30.4)	13.9
Comprehensive income	\$ 174.4	\$ 171.8	\$ 384.8	\$ 430.0

See notes to interim consolidated financial statements.

5

---

**CANADIAN PACIFIC RAILWAY LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
(in millions of Canadian dollars)

	September 30 2009	December 31 2008 Restated (see Note 2)
	(unaudited)	
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 6)	\$ 615.9	\$ 117.6
Accounts receivable (Note 11)	498.6	647.4
Materials and supplies	169.0	215.8
Future income taxes	66.8	76.5
Other	58.0	65.7
	1,408.3	1,123.0
Investments (Note 12)	165.0	151.1
Net properties	12,203.7	12,576.3
Assets held for sale	4.9	39.6
Prepaid pension costs and other assets	1,332.6	1,326.1
Goodwill and intangible assets (Note 13)	206.5	237.2
	1,408.3	1,123.0
	165.0	151.1
	12,203.7	12,576.3
	4.9	39.6
	1,332.6	1,326.1
	206.5	237.2
<b>Total assets</b>	<b>\$ 15,321.0</b>	<b>\$ 15,453.3</b>
<b>Liabilities and shareholders equity</b>		
<b>Current liabilities</b>		
Short-term borrowing	\$ 57.7	\$ 150.1
Accounts payable and accrued liabilities	871.7	1,034.9
Income and other taxes payable	34.0	42.2
Dividends payable	41.6	38.1
Long-term debt maturing within one year	390.0	44.0
	1,395.0	1,309.3
Other long-term liabilities	815.9	865.2
Long-term debt (Note 14)	3,701.3	4,685.8

Future income taxes	2,663.6	2,610.0
<b>Shareholders equity</b>		
Share capital ( <i>Note 15</i> )	1,728.3	1,220.8
Contributed surplus	34.9	40.2
Accumulated other comprehensive income	47.9	78.3
Retained income	4,934.1	4,643.7
	6,745.2	5,983.0
<b><i>Total liabilities and shareholders equity</i></b>	<b>\$ 15,321.0</b>	<b>\$ 15,453.3</b>

Commitments and contingencies (Note 20)  
See notes to interim consolidated financial statements.

**CANADIAN PACIFIC RAILWAY LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
(in millions of Canadian dollars)

	<b>For the three months ended September 30</b>		<b>For the nine months Ended September 30</b>	
	2009	2008 Restated (see Note 2)	2009	2008 Restated (see Note 2)
	(unaudited)		(unaudited)	
<b>Operating activities</b>				
Net income	\$ 195.4	\$ 170.7	\$ 415.2	\$ 416.1
Reconciliation of net income to cash provided by operating activities:				
Depreciation and amortization	132.7	120.8	400.3	365.4
Future income taxes	117.6	28.5	179.0	56.3
(Gain)/loss in fair value of long-term floating rate notes/ asset-backed commercial paper ( <i>Note 12</i> )	(1.6)	28.1	(6.3)	49.4
Foreign exchange (gain) loss on long-term debt	0.1	2.9	(2.7)	12.4
Amortization and accretion charges	1.5	2.3	8.0	7.4
Equity income, net of cash received	(0.2)	(15.5)	0.9	(38.9)
Gain on sale of partnership interest ( <i>Note 4</i> )			(81.2)	
Gain sale of Windsor Station and a land sale in Western Canada ( <i>Note 5</i> )	(79.1)		(79.1)	
Net loss on repurchase of debt ( <i>Note 14</i> )			16.6	
Restructuring and environmental remediation payments	(10.9)	(11.9)	(29.9)	(36.4)
Pension funding in excess of expense	(19.5)	(16.0)	(61.0)	(42.5)
Other operating activities, net	17.5	(30.3)	3.5	2.3
Change in non-cash working capital balances related to operations ( <i>Note 11</i> )	59.6	(0.2)	(3.6)	(170.4)
<b>Cash provided by operating activities</b>	<b>413.1</b>	<b>279.4</b>	<b>759.7</b>	<b>621.1</b>
<b>Investing activities</b>				
Additions to properties	(191.2)	(242.1)	(596.1)	(606.8)
Additions to investments and other assets		(20.9)		(213.0)
Reductions to investments and other assets	0.2	0.4	12.5	
Additions to investment in Dakota, Minnesota & Eastern Railroad Corporation ( <i>Note 13</i> )		(0.8)		(8.3)
Net proceeds from disposal of transportation properties ( <i>Notes 4 &amp; 5</i> )	107.1	17.0	218.7	14.4

<b>Cash used in investing activities</b>	<b>(83.9)</b>	<b>(246.4)</b>	<b>(364.9)</b>	<b>(813.7)</b>
<b>Financing activities</b>				
Dividends paid	(41.6)	(38.1)	(121.3)	(110.6)
Issuance of CP Common Shares <i>(Note 15)</i>	5.3	1.3	504.5	18.3
Net increase (decrease) in short-term borrowing	2.1	25.0	(92.4)	50.3
Issuance of long-term debt <i>(Note 14)</i>			409.5	1,068.7
Repayment of long-term debt <i>(Note 14)</i>	(7.0)	(7.6)	(613.8)	(1,088.1)
Settlement of treasury rate lock				(30.9)
Settlement of foreign exchange forward on long-term debt <i>(Note 16)</i>	4.9		34.1	
<b>Cash (used in) provided by financing activities</b>	<b>(36.3)</b>	<b>(19.4)</b>	<b>120.6</b>	<b>(92.3)</b>
<b>Effect of foreign exchange fluctuations on U.S. dollar-denominated cash and cash equivalents</b>	<b>(11.3)</b>	<b>3.4</b>	<b>(17.1)</b>	<b>4.7</b>
<b>Cash position</b>				
Increase (decrease) in cash and cash equivalents	281.6	17.0	498.3	(280.2)
Cash and cash equivalents at beginning of period	334.3	80.9	117.6	378.1
Cash and cash equivalents at end of period <i>(Note 6)</i>	\$ 615.9	\$ 97.9	\$ 615.9	\$ 97.9

Certain of the comparative figures have been reclassified in order to be consistent with the 2009 presentation. See notes to interim consolidated financial statements.

**CANADIAN PACIFIC RAILWAY LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
(in millions of Canadian dollars)

	For the nine months ended September 30, 2009			
(unaudited)	Share Capital	Contributed Surplus	Accumulated other comprehensive income	Retained income
<b>Balance at December 31, 2008, as previously reported</b>	\$ 1,220.8	\$ 40.2	\$ 78.3	\$ 4,654.1
Adjustment for change in accounting policy (Note 2)				(10.4)
<b>Balance at December 31, 2008, as restated</b>				4,643.7
Net Income				415.2
Other comprehensive loss			(30.4)	
Dividends				(124.8)
Shares issued (Note 15)	488.9			
Stock compensation (recovery) expense		(2.3)		