

# **CPR'S SHARE PURCHASE PLAN**

## **Information Guide (Canadian)**

**October 2000**

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## A) Plan Overview

### 1. Administration of the Plan

- The Trust Company of Bank of Montreal has been selected as the Plan Administrator by Canadian Pacific Railway (CPR). All Plan transactions will be handled by the trust company.
- Examples of the Plan Administrator's duties include: handling Plan transactions such as investments, changes in contribution levels, suspension of participation; maintaining accounts, records, and forms; issuing quarterly statements; answering account inquiries; delivering notices of meetings, forms of proxy, statements, or other material distributed by Canadian Pacific Limited (CPL) to holders of common shares etc.

### 2. Who is eligible to participate?

- The Plan is available to:
  - all regular non-union full time and part time employees in Canada;
  - all regular full time and part time active employees represented by an eligible bargaining unit(s) in Canada (which has negotiated the Plan into their collective agreement); and
  - full-time union representatives of an eligible bargaining unit in Canada.
- Six months of continuous active service is required. This includes those on approved leave, furlough, spare boards and bridging.

### 3. These are CPL shares

- The shares available for purchase under this Plan are CPL common shares.
- Shares will be purchased through the Toronto Stock Exchange.

### 4. Contributing to the Plan

#### Regular contributions through payroll deduction

- The maximum contribution is five per cent of earnings. The minimum is one per cent.
- All contributions are based on whole percentages.
- Contributions are made through regular payroll deduction. If a participant's earnings change, the deductions are automatically adjusted accordingly.
- Full-time union representatives of an eligible bargaining unit make direct lump sum contributions to the Plan Administrator.
- The Plan Administrator will purchase the requisite number of shares as soon as possible upon receipt of the contributions and will allocate the appropriate shares to the participant as soon as possible after each purchase.

#### Lump sum contributions to Plan Administrator

- Lump sum investments can be made in addition to regular contributions throughout each year.
- Purchases cannot exceed a total of \$2,000 per calendar year. The maximum is \$4,000 for the first 12 month period an employee's group or bargaining unit becomes eligible.
- Full-time eligible bargaining unit representatives, where contributions via payroll deductions are not possible, may make up to \$6,000 in lump sum contributions per calendar year. The maximum is \$8,000 for the first 12 month period that the representative becomes eligible.
- Participants will pay charges for cheques levied by the Plan Administrator related to "Non Sufficient Funds (NSF)".
- Lump sum contributions will be invested as soon as possible upon receipt of such contributions by the Plan Administrator.

### **Changing your contribution level**

- Changes can be made to contribution levels once per calendar quarter.

### **Voluntary suspension of contributions**

- Payroll deductions can be stopped any time.
- If contributions are suspended for 12 consecutive months, the Plan account will be terminated and a share certificate will be issued with a cash payment for fractional shares.
- Dividends received within the period as a result of share holdings within the account do not qualify as contributions for the purposes of determining inactivity.
- The participant will be charged by the Plan Administrator for the issuance of share certificates and other related administration charges [\(See Fee Schedule -Appendix B\)](#). The charges will deducted from the participant's proceeds. ~~(See Fee Schedule -Appendix B)~~.
- Once an account is terminated, there is a six month waiting period prior to being eligible to re-enrol in the Plan.

### **Paid Leaves of Absence**

- Participants may continue to make contributions [via payroll deduction](#) during any leave of absence – earnings are received.

### **Termination of Participation**

- Participants may terminate their participation in the Plan any time. Participants can choose to sell the shares, transfer the shares, or receive a share certificate.
- The participant will be charged by the Plan Administrator for all fees relating to these transactions and other related charges (See Fee Schedule - Appendix B). The charges will deducted from the participant's proceeds.
- CPR may terminate the participation in the Plan of any participant who has had nil (zero) balances or has not made any contributions for 12 consecutive months. In the event of such termination share certificates will be issued. The participant will be charged by the Plan Administrator for the issuance of share certificates and other related administration charges [\(See Fee Schedule - Appendix B\)](#). The charges will deducted from the participant's proceeds.

- Dividends received within the period as a result of share holdings within the account do not qualify as contributions for the purposes of determining inactivity.
- Once an account is terminated, there is a six month waiting period prior to being eligible to re-enroll in the Plan.

## 5. Voluntarily withdrawing shares

### Selling shares

- Participants may instruct the Plan Administrator to sell any or all the whole shares standing to their credit in the Plan any time.
- The Plan Administrator will issue the proceeds via cheque or direct deposit, less the regular brokerage commission, or other similar charges which are paid by the participant (See Fee Schedule - Appendix B).
- Fractional shares may only be withdrawn when a participant's Plan account is terminated. The proceeds will be issued via cheque or direct deposit.

### Transferring of shares and requesting a share certificate

- Participants may instruct the Plan Administrator to transfer shares to another financial institution or issue a share certificate, for any or all the whole shares standing to their credit in the Plan any time.
- Participants will be charged by the Plan Administrator for all fees relating to these transactions and other related charges (See Fee Schedule - Appendix B). The charges will be deducted from the participant's proceeds.

## 6. Change of Participant's status

### ~~Non-compensated leave~~ Disability leave, unpaid leave of absence, or layoff

- Contributions to the Plan via payroll deduction will be suspended.
- Participants may make direct lump sum contributions subject to a maximum of a total of \$2,000 per calendar year (the maximum is \$4,000 for the first 12 month period an employee's group or bargaining unit becomes eligible) directly to the Plan Administrator.
- If participation is suspended for 12 consecutive months, the account will be terminated and a share certificate will be issued with a cash payment for fractional shares.
- Dividends received within the period as a result of share holdings in the account do not qualify as contributions for the purposes of determining inactivity.
- CPR will pay the administration fees related to the issuance of a share certificate and other related charges (See Fee Schedule Appendix B).
- Upon returning to work, the former participant may re-enrol in the Plan if eligible.

### Transfer to a non eligible bargaining unit

- If a participant transfers to an ineligible bargaining unit, participation ~~in contributions to~~ the Plan will be suspended.
- If participation is suspended for 12 consecutive months the Plan account will be terminated and a share certificate will be issued with a cash payment for fractional shares.
- Dividends received within the period as a result of share holdings in the account do not qualify as contributions for the purposes of determining inactivity.
- CPR will pay the administration fees related to the issuance of a share certificate and other related charges (See Fee Schedule - Appendix B).
- Upon returning to an eligible bargaining unit, the former participant may re-enrol in the Plan.

**Resignations, retirement, or termination of employment (with or without cause),  
~~or termination with cause~~**

- Under any of these circumstances, participants may elect to sell the shares, transfer the shares, or receive a share certificate.
- The participant must notify the Plan Administrator within 90 calendar days regarding what they want to do with their account if their status changes.
- Any time after this 90 day period the Plan Administrator may issue share certificates for whole shares, and a cash payment for fractional shares.
- CPR will pay the administration fees relating to these transactions with the exception of the brokerage fees for the sale of shares which will be paid by the participant (See Fee Schedule Appendix B).

**Death**

- The legal representative for the participant's estate may have the Plan Administrator sell the shares, or ~~issue~~ a share certificate.
- The legal representative must notify the Plan Administrator within 90 calendar days regarding what they want to do with the deceased participant's account.
- Any time after this 90 day period the Plan Administrator may issue share certificates for whole shares, and a cash payment for fractional shares.
- CPR will pay the related administration fees with the exception of the brokerage fees for the sale of shares which will be paid by the participant's ~~estate~~. The charges will be deducted from the ~~p~~Participant's proceeds (See Fee Schedule Appendix B).

**7. Market fluctuation**

- The value of any participant's assets in the Plan will fluctuate based on the market value of CPL shares.
- Changes in the price of the shares can result in gains or losses. There is no guarantee or reimbursement under this Plan if the value of CPL shares decreases.

**8. Trading on undisclosed information**

- Trading based on insider or undisclosed information is illegal and anyone conducting transactions based on such information is subject to prosecution.

## 9. Interest earned

- No interest will be paid to Participants on funds held by the Plan Administrator between investment dates. Any such interest will be used to offset administrative charges otherwise borne by CPR.

### NOTE:

All aspects of the Information Guide are subject to the terms and conditions of the Plan Document located in Appendix C of this package.

## B) Participating in the Plan

### 1. Joining the Plan

- To enrol, complete section “A” of the Enrolment/Change form at the back of this package and return it to the Plan Administrator (mail and fax information is located at the bottom of the form).
- Payroll deductions will start once the completed form is received and processed by both the Plan Administrator and CPR’s Pay Services.
- Once the Enrolment/Change form is received and processed, a written letter of confirmation including a “personal identification number (PIN)” will be sent to you by the Plan Administrator as soon as practicable.
- The PIN gives you access to account information through the Plan Administrator’s interactive voice response (IVR) line and Internet site. CPR will cover this cost.
- You may choose to speak to a representative through the Plan Administrator’s call centre. This call centre can be accessed at a cost per call, charged to you via ~~automatic~~ payroll deduction (See Fee Schedule - Appendix B).

### 2. Changing contribution levels

- Once enrolled, contribution levels may be changed once per calendar quarter.
- To change contribution levels fill out section “B” of the Enrolment/Change form and return it to the Plan Administrator (mail and fax information is located at the bottom of the form).
- When changing contribution levels the form must be received by the Plan Administrator no later than two weeks before the last day of that quarter.
- The change will take effect as soon as practicable once the completed form is received and processed by both the Plan Administrator and CPR’s Pay services.

### 3. Suspending contributions

- Contributions via payroll deduction can be suspended any time.
- To suspend contributions fill out section “C” of the Enrolment/Change form and return it to the Plan Administrator (mail and fax information is located at the bottom of the form).
- The change will take effect as soon as practicable once the completed form is received and processed by both the Plan Administrator and CPR’s Pay Services.
- If contributions are suspended for 12 -consecutive months, the Plan account will be terminated and a share certificate will be issued.

#### **4 .Resuming contributions by payroll deduction**

- Complete section “D ” of the Enrolment/Change form to resume contributions to the Plan.
- Return this form directly to the Plan Administrator (mail and fax information is located at the bottom of the form).
- Contributions will be resumed as soon as practicable once the completed form is received and processed by both the Plan Administrator and CPR’s Pay Services.

#### **5 . Making lump sum contributions**

- Complete section “E ” of the Enrolment/Change form to make a lump sum contribution.
- Mail this form directly to the Plan Administrator (mail information is located at the bottom of the form). Ensure that a cheque is enclosed in the appropriate amount payable to The Trust Company of the Bank of Montreal.
- The contribution will take effect as soon as practicable once the completed form is received and processed by the Plan Administrator.

#### **6 . Withdrawals or termination from the Plan**

- Complete the Withdrawal/Termination form in the back of the package to withdraw and sell shares and/or terminate a Plan -account.
- Return this form directly to the Plan Administrator (mail and fax information is located at the bottom of the form).
- When terminating a Plan -account, you may choose to have the proceeds deposited directly into your bank account, a cheque mailed to you, a share certificate issued, or to have the shares transferred to another financial institution.
- The withdrawal or /termination will take effect as soon as practicable once the completed form is received and processed by both the Plan Administrator and CPR’s Pay services.
- The Plan Administrator will send you a written letter of confirmation of termination from the Plan as soon as practicable.

### **C) Accessing Information**

**1. The Internet or IVR line**

- The first time you access your account, you will be automatically prompted to establish a new PIN for the Plan . For security reasons it is strongly recommended you establish a new PIN at this time. For subsequent requests for information, you will need to use the PIN you have designated for this Plan.
- On the **Internet**, the address to access your CPR’s Share Purchase Plan account is [www.fastraksys.com/cpr](http://www.fastraksys.com/cpr)
- To access the **Interactive Voice Response (IVR)** line for account information, call 1-888-382-9020 (toll-free).

**2. Services available through the Internet or IVR line**

- Services available through the Internet and IVR line are identical. Through the Plan’s Internet site, the following functions can be performed:
  1. Obtain information on your Plan account and account balances;
  2. Review the last ten transactions processed on your account.
- Through the IVR line, the same services are available as listed above by following the instructions provided on the telephone voice response system.
- The purchase of shares, sale of shares, voluntary suspensions, or terminations cannot be requested through the IVR line or the -Internet. These instructions can only be communicated to the Plan Administrator by completing the Enrolment/Change form or Withdrawal/Termination form in the back of this package.

**3. Services available from the call centres**

- Participants have access to two call centres which provide different services.

**CPR’s call centre;**

- For information about the Plan, or assistance with transactions such as a sale or withdrawal, contact the appropriate CPR call centre.
- Calls to the HR Service Centre and CMC in Canada can be made Monday to Friday from 08:00 am to 04:00 pm Mountain Time.

CCROU represented employees.....	1-888-225-5127 (CMC) Alta/Sask ext. 6992 Man/BC ext. 6967 Que/Ont ext. 6991
Other unionized employees Canada.....	(403) 319-3900 - Option 5
Non Union Canada.....	(403) 319-3900 - Option 4

**Plan Administrator's call centre**

- To speak to a representative at the Plan Administrator's Call Centre regarding your account, choose the appropriate selection through the IVR at 1-888-382-9020 (toll-free). The Call Centre is open weekdays from 08:30 am to 08:00 pm Eastern Time.
- Do not call the Plan Administrator's Call Centre for account information, to obtain forms, or to process any transactions. For additional forms, contact the appropriate CPR call centre.
- You will be charged for each call to the Plan Administrator's Call Centre via payroll deduction (See Fee Schedule Appendix B)

**D) Other Important Information****1. Dividend payments**

- Dividends are automatically re-invested in CPL shares and allocated to Plan accounts.

**2. Quarterly statements**

- Quarterly account statements will be mailed to Plan participants as soon as practicable after the end of each quarter. The quarterly statements will cover the three-month period ending on the last day of March, June, September, and December.

**3. Reports and voting**

- Participants are entitled to the same rights as all CPL common shareholders. This includes voting at shareholder meetings, one vote per share, in person or by proxy.
- The Plan Administrator will deliver notices of meetings, forms of proxy, and statements to all Plan participants .

**4. Income taxes**

- Taxes cannot be deferred and losses cannot be used as a tax deduction against employment income.
- Losses can be used against other share investment gains.
- If dividends are paid, income taxes will apply.

Note: Canadian tax laws are complex and subject to change. Each participant is responsible for determining how such tax laws and changes may affect his or her tax position. Participants should contact their financial or personal advisor to determine what effect, if any, participation in the Plan may have on their tax and other responsibilities.

## 5. Tax forms provided by the Plan Administrator

Type of Receipt	Information Provided	Deadline
T5/ R3 (for Quebec residents)	Reports the amount of dividends allocated to Plan participants for the year	Issued by February 28 of the year following the year the dividends were allocated
T5008/ R18 (for Quebec residents)	Reports the sale of shares	Issued by February 28 of the year following the year of sale

## 6. Leaving CPR

- Upon termination of employment, immediately inform the Plan Administrator of the termination by completing a Withdrawal/Termination form.
- Shares must either be sold, transferred to another financial institution, or a share certificate requested. Any fractional shares will be paid out in cash by the Plan Administrator.

## 7. Designation of beneficiary

- No beneficiary can be designated through this plan. Participants should designate a beneficiary through other means (e.g. your Will).

## 8. Mailing address change

- The Plan Administrator will receive the mailing address currently stored on the HR system. Any change in address reported to CPR will be automatically updated.

## 9. Accessing forms

- Forms for the Plan are included at the back of this package. It is recommended participant-s make copies of the forms for future use. If additional forms are needed, contact the appropriate CPR call centre.

## Appendix A

### What Happens If?

Event	Outcome
You suspend contributions for 12 <del>or more</del> consecutive months.	<ul style="list-style-type: none"> <li>• Your Plan account will be terminated and a share certificate will be issued.</li> <li>• You will be responsible for paying all related administration fees.</li> <li>• There is a six month waiting period to re-enrol.</li> </ul>
You terminate your participation in the Plan.	<ul style="list-style-type: none"> <li>• You may choose to sell your shares, transfer the shares, or receive a share certificate.</li> <li>• If you fail to notify the Plan Administrator as to what you want done with your account within 90 calendar days, a share certificate will be issued to you.</li> <li>• You will be responsible for paying all related administration fees.</li> <li>• There is a six month waiting period to re-enrol.</li> </ul>
You are on <u>non-compensated leave</u> <del>disability leave, unpaid leave of absence,</del> or layoff.	<ul style="list-style-type: none"> <li>• Your contributions to -the Plan via payroll deduction will be suspended.</li> <li>• You may continue to make direct lump sum contributions.</li> <li>• Participation suspended for 12 consecutive months will result in termination of your Plan account and the issuance of a share certificate.</li> <li>• CPR will pay the related administration fees</li> </ul>
You transfer to a non eligible bargaining unit.	<ul style="list-style-type: none"> <li>• Your <u>participation in</u> <del>contributions to</del> -the Plan will be suspended.</li> <li>• Participation suspended for 12 consecutive months will result in termination of your Plan account and the issuance of a share certificate.</li> <li>• CPR will pay the related administration fees.</li> </ul>

Event	Outcome
You resign, retire, <u>or</u> are terminated <u>from employment</u> . <del>without cause or terminated with cause.</del>	<ul style="list-style-type: none"> <li>•</li> <li>• You may choose to sell your shares, transfer the shares, or receive a share certificate.</li> <li>• If you fail to notify the Plan Administrator as to what you want done with your account within 90 calendar days, a share certificate will be issued to you.</li> <li>• CPR will pay all related administration fees with the exception of the brokerage fees for the sale of shares which will be paid by you.</li> </ul>
You pass away.	<ul style="list-style-type: none"> <li>• Your legal representative for your estate may sell the shares, or receive a share certificate.</li> <li>• If the legal representative fails to notify the Plan Administrator as to what they want done with your account within 90 calendar days, a share certificate will be issued.</li> <li>• CPR will pay all related administration fees with the exception of the brokerage fees for the sale of shares which will be paid by your estate.</li> </ul>
You do not complete the forms properly.	<ul style="list-style-type: none"> <li>• It will be returned to you and the requested transaction will not occur until a properly completed form is returned to the Plan Administrator.</li> </ul>
You call CPR's call centre.	<ul style="list-style-type: none"> <li>• There is no charge.</li> </ul>
You call the Plan Administrator's call centre.	<ul style="list-style-type: none"> <li>• You will be charged per call via payroll deduction (See Fee Schedule - Appendix B).</li> </ul>
You access the Internet or call the telephone Interactive Voice Response System.	<ul style="list-style-type: none"> <li>• CPR will cover the Plan Administrator's annual fee.</li> <li>• You can obtain information on your Plan account and account balances and review the last ten transactions processed on your account.</li> </ul>
You need an Enrolment/Change or a Withdrawal/Termination form(s).	<ul style="list-style-type: none"> <li>• You may request it through the appropriate CPR call centre</li> </ul>
You change your address.	<ul style="list-style-type: none"> <li>• You must report the change through the appropriate CPR call centre.</li> </ul>

## Appendix B

### Fee Schedule

#### Paid by CPR

All administrative fees relating to **purchasing** shares, including brokerage fees, will be paid by CPR. CPR will also cover the cost of using the Plan Administrator's automated Interactive Voice Response line and/or Internet site to access account information.

#### Paid by Participants

Brokerage fees and transaction fees on the **sale** of shares are the responsibility of the participant. Participants are also responsible for the cost of using the Plan Administrators Call Centre.

#### Paid by Participant (\$CDN)

Brokerage transactions on the sale of shares	\$0.05 per share Minimum sale transaction fees is \$25
Plan Administrator's Call Centre communications	\$6 per call
Withdrawals/Termination from Plan - Voluntary <del>— Employment with CPR continuing.</del>	
(refer to sections 4-6 to see where charges apply)	
Payment by Cheque	\$20 per cheque
Direct Deposit	\$15 per deposit
Issuance of Share Certificate	\$15 per transaction
Transfer Shares	\$15 per transaction

Subject to change.

## Appendix C

### Plan Document