

CANADIAN PACIFIC RAILWAY LTD/CN
Form 6-K
July 17, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934
For the month of July, 2014

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)

7550 Ogden Dale Road S.E., Calgary, Alberta, Canada, T2C 4X9

(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-T Rule 101(b)(1):

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

This Report furnished on Form 6-K shall be incorporated by reference into the Registration Statements of Canadian Pacific Railway Limited on Form S-8 (File Nos. 333-127943, 333-13962, 333-140955, 333-183891, 333-183892, 333-183893, 333-188826 and 333-188827).

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: July 17, 2014

Signed: /s/ Paul A. Guthrie
By: Name: Paul A. Guthrie
Title: Corporate Secretary

CANADIAN PACIFIC RAILWAY COMPANY
(Registrant)

Date: July 17, 2014

Signed: /s/ Paul A. Guthrie
By: Name: Paul A. Guthrie
Title: Corporate Secretary

Immediate Release: July 17, 2014

CP reports Q2-2014 net income of C\$371M or C\$2.11 per diluted share

Delivers strongest financial results in company s history

Calgary, AB - Canadian Pacific Railway Limited (TSX: CP) (NYSE: CP) today announced record Q2 2014 financial results.

Reported net income in the second quarter was \$371 million, or \$2.11 per diluted share, versus \$252 million, or \$1.43 per share, in the second quarter of 2013. This represents a 48 per cent year-over-year improvement in earnings per share.

SECOND-QUARTER 2014 RESULTS COMPARED WITH SECOND-QUARTER 2013:

Total revenues were \$1,681 million, an increase of 12 per cent

Operating expenses were \$1,094 million, an increase of 2 per cent

Operating income was \$587 million, an increase of 40 per cent

Operating ratio was 65.1 per cent, a 680 basis point improvement

CP delivered another record quarter, said E. Hunter Harrison, CP s Chief Executive Officer. The team has made great strides in my two years at CP and they continue to demonstrate resiliency by delivering these results despite continued operational challenges in the US Midwest after a devastating winter. The future is very promising for the railroad as we transition towards leveraging our lower cost structure and improved service.

- 30 -

Note on forward-looking information

This news release contains certain forward-looking information within the meaning of applicable securities laws relating, but not limited, to our operations, priorities and plans, anticipated financial performance, purchases of common shares for cancellation under CP s share repurchase program, future sources of capital, business prospects, planned capital expenditures, programs and strategies. This forward-looking information also includes, but is not limited to, statements concerning expectations, beliefs, plans, goals, objectives, assumptions and statements about possible future events, conditions, and results of operations or performance. Forward-looking information may contain statements with words or headings such as financial expectations , key assumptions , anticipate , believe , expect , will , outlook , should or similar words suggesting future outcomes.

Undue reliance should not be placed on forward-looking information as actual results may differ materially from the forward-looking information. Forward-looking information is not a guarantee of future performance. By its nature, CP s forward-looking information involves numerous assumptions, inherent risks and uncertainties that could cause actual results to differ materially from the forward-looking information, 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 commodity prices; uncertainty surrounding timing and volumes of commodities being shipped via CP; inflation; changes in laws and regulations, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; uncertainties of investigations, proceedings or other types of claims and 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; and various events that could disrupt operations, including severe weather, droughts, floods, avalanches and earthquakes as well as security threats and governmental response to them, and technological changes. The foregoing list of factors is not exhaustive.

These and other factors are detailed from time to time in reports filed by CP with securities regulators in Canada and the United States. Reference should be made to Management's Discussion and Analysis in CP's annual and interim reports, Annual Information Form and Form 40-F. Readers are cautioned not to place undue reliance on forward-looking information. Forward-looking information is based on current expectations, estimates and projections and it is possible that predictions, forecasts, projections, and other forms of forward-looking information will not be achieved by CP. 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.

About Canadian Pacific

Canadian Pacific (TSX:CP)(NYSE:CP) is a transcontinental railway in Canada and the United States with direct links to eight major ports, including Vancouver and Montreal, providing North American customers a competitive rail service with access to key markets in every corner of the globe. CP is growing with its customers, offering a suite of freight transportation services, logistics solutions and supply chain expertise. Visit www.cpr.ca to see the rail advantages of Canadian Pacific.

Contacts

Media

Ed Greenberg

Tel.: 612-849-4717

24/7 Media Pager: 855-242-3674

email: Ed_greenberg@cpr.ca

Investment Community

Nadeem Velani

Tel.: 403-319-3591

email: investor@cpr.ca

CANADIAN PACIFIC RAILWAY LIMITED**INTERIM CONSOLIDATED STATEMENTS OF INCOME**

(in millions of Canadian dollars, except per share data)

(unaudited)

	For the three months ended June 30		For the six months ended June 30	
	2014	2013	2014	2013
Revenues				
Freight	\$ 1,642	\$ 1,458	\$ 3,116	\$ 2,917
Other	39	39	74	75
Total revenues	1,681	1,497	3,190	2,992
Operating expenses				
Compensation and benefits	342	334	687	726
Fuel	273	246	544	516
Materials	47	35	99	79
Equipment rents	40	44	81	90
Depreciation and amortization	137	141	278	282
Purchased services and other	255	277	491	517
Total operating expenses	1,094	1,077	2,180	2,210
Operating income	587	420	1,010	782
Less:				
Other income and charges	3	8	3	11
Net interest expense	69	68	139	138
Income before income tax expense	515	344	868	633
Income tax expense (Note 4)	144	92	243	164
Net income	\$ 371	\$ 252	\$ 625	\$ 469
Earnings per share (Note 5)				
Basic earnings per share	\$ 2.13	\$ 1.44	\$ 3.57	\$ 2.68
Diluted earnings per share	\$ 2.11	\$ 1.43	\$ 3.54	\$ 2.66
Weighted-average number of shares (in millions) (Note 5)				
Basic	174.4	174.9	174.9	174.6
Diluted	175.9	176.3	176.5	176.1
Dividends declared per share	\$ 0.3500	\$ 0.3500	\$ 0.7000	\$ 0.7000

Certain of the comparative figures have been reclassified in order to be consistent with the 2014 presentation. (*Note 12*)

See Notes to Interim Consolidated Financial Statements.

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

	For the three months ended June 30		For the six months ended June 30	
	2014	2013	2014	2013
Net income	\$ 371	\$ 252	\$ 625	\$ 469
Net gain (loss) in foreign currency translation adjustments, net of hedging activities	7	(1)	7	(3)
Change in derivatives designated as cash flow hedges	(1)	(1)	(2)	
Change in defined benefit pension and post-retirement plans	31	61	62	249
Other comprehensive income before income taxes	37	59	67	246
Income tax expense	(24)	(1)	(16)	(41)
Other comprehensive income (<i>Note 3</i>)	13	58	51	205
Comprehensive income	\$ 384	\$ 310	\$ 676	\$ 674

See Notes to Interim Consolidated Financial Statements.

CANADIAN PACIFIC RAILWAY LIMITED**INTERIM CONSOLIDATED BALANCE SHEETS AS AT,**

(in millions of Canadian dollars)

(unaudited)

	June 30 2014	December 31 2013
Assets		
Current assets		
Cash and cash equivalents	\$ 369	\$ 476
Restricted cash and cash equivalents	402	411
Accounts receivable, net	687	580
Materials and supplies	174	165
Deferred income taxes	220	344
Other current assets	61	53
	1,913	2,029
Investments	98	92
Properties	13,538	13,327
Assets held for sale (Note 6)		222
Goodwill and intangible assets	162	162
Pension asset	1,151	1,028
Other assets	150	200
Total assets	\$ 17,012	\$ 17,060
Liabilities and shareholders equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,257	\$ 1,189
Long-term debt maturing within one year (Note 8)	92	189
	1,349	1,378
Pension and other benefit liabilities	660	657
Other long-term liabilities	364	338
Long-term debt (Note 8)	4,633	4,687
Deferred income taxes	2,870	2,903
Total liabilities	9,876	9,963
Shareholders equity (Note 7)		
Share capital	2,248	2,240
Additional paid-in capital	34	34
Accumulated other comprehensive loss (Note 3)	(1,452)	(1,503)
Retained earnings	6,306	6,326

	7,136	7,097
<i>Total liabilities and shareholders equity</i>	\$ 17,012	\$ 17,060

Contingencies (*Note 11*)

See Notes to Interim Consolidated Financial Statements.

CANADIAN PACIFIC RAILWAY LIMITED

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars)

(unaudited)

	For the three months ended June 30		For the six months ended June 30	
	2014	2013	2014	2013
Operating activities				
Net income	\$ 371	\$ 252	\$ 625	\$ 469
Reconciliation of net income to cash provided by operating activities:				
Depreciation and amortization	137	141	278	282
Deferred income taxes (Note 4)	(15)	87	74	150
Pension funding in excess of expense (Note 10)	(33)	(14)	(65)	(23)
Other operating activities, net	23	(21)	40	(19)
Change in non-cash working capital balances related to operations	162	75	(20)	(72)
Cash provided by operating activities	645	520	932	787
Investing activities				
Additions to properties	(298)	(301)	(522)	(504)
Proceeds from the sale of west end of Dakota, Minnesota and Eastern Railroad (Note 6)	236		236	
Proceeds from the sale of properties and other assets	11	11	16	27
Change in restricted cash and cash equivalents used to collateralize letters of credit	7	(99)	9	(99)
Other	(1)	(1)	(1)	(26)
Cash used in investing activities	(45)	(390)	(262)	(602)
Financing activities				
Dividends paid	(62)	(60)	(123)	(121)
Issuance of CP common shares	22	23	36	63
Purchase of CP common shares (Note 7)	(447)		(532)	
Repayment of long-term debt	(11)	(7)	(154)	(26)
Cash used in financing activities	(498)	(44)	(773)	(84)
Effect of foreign currency fluctuations on U.S. dollar-denominated cash and cash equivalents	(12)	9	(4)	8
Cash position				
Increase (decrease) in cash and cash equivalents	90	95	(107)	109

Cash and cash equivalents at beginning of period	279	347	476
--------------------------------------------------	-----	-----	-----