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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34093]

Canadian Pacific Railway Company and Soo Line Corporation–Corporate Family Transaction Exemption–Delaware and Hudson Railway Company, Inc.

Canadian Pacific Railway Company (CPR), Soo Line Corporation (SLC) and Delaware and Hudson Railway Company, Inc. (DHRC) (collectively CP Parties) have filed a verified notice of exemption under 49 CFR 1180.2(d)(3) to undertake a corporate family transaction, which involves SLC's the acquisition of direct control of DHRC and its indirect control of nonoperating carriers controlled by DHRC.

CPR currently controls Soo Line Railroad Company (Soo) and DHRC. Soo is a direct subsidiary of SLC, which is an indirect subsidiary of CPR. DHRC is controlled directly by D&H Investments, Inc. (DHI), which is also an indirect subsidiary of CPR. Following the proposed corporate reorganization, DHI will no longer exist and DHRC will become a direct corporate subsidiary of SLC. SLC will hold 100 percent of the outstanding shares of DHRC and will therefore control DHRC.[1]

The proposed transaction was to have been consummated on or after September 26, 2001.

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[1] CP Parties state that the day-to-day operations of DHRC will continue to be managed by CPR.

The purpose of the proposed transaction is to eliminate DHI and transfer the shares of DHRC to SLC to simplify the resulting corporate structure of the CPR corporate family. The proposed transaction is part of a corporate reorganization of the transportation and non-transportation businesses of CPR's parent, Canadian Pacific Limited. A new noncarrier holding company parent of CPR, Canadian Pacific Railway Limited, will be created and will become a publicly traded company.

This is a transaction within a corporate family of the type specifically exempted from prior review and approval under 49 CFR 1180.2(d)(3). As described, the transaction will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the applicants' corporate family.

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. As a condition to this exemption, any United States railroad employee affected by the transaction will be protected by the conditions imposed in New York Dock Ry.–Control–Brooklyn Eastern Dist., 360 I.C.C. 60 (1979).

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34093, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Terence M. Hynes, Sidley Austin Brown & Wood, 1501 K Street, N.W., Washington, DC 20005.

Board decisions and notices are available on our website at "WWW.STB.DOT.GOV."

Decided: September 27, 2001.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary