Q2 2020 EARNINGS REVIEW

JULY 22, 2020

FORWARD LOOKING STATEMENTS

The following investor presentation contains certain forward-looking information within the meaning of applicable securities laws relating, but not limited to, statements concerning 2020 volume including as measured in revenue ton-miles, adjusted diluted EPS growth, capital program investments, the U.S.-to-Canadian dollar exchange rate, annualized effective tax rate, other components of net periodic benefit recovery, target adjusted dividend payout ratio, cost control efforts, the success of our business, our operations, priorities and plans, anticipated financial and operational performance, including the anticipated performance of the Central Maine and Québec Railway, business prospects, demand for our services and growth opportunities. 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 such as “anticipate”, “believe”, “expect”, “plan”, “financial expectations”, “key assumptions”, “outlook”, “guidance”, or similar words suggesting future outcomes. To the extent that CP has provided forecasts or targets using Non-GAAP financial measures, CP may not be able to provide a reconciliation to a GAAP measure without unreasonable efforts, due to unknown variables and uncertainty related to future results.

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. The purpose of our 2020 full year guidance (including adjusted diluted EPS targets and adjusted dividend payout ratio) is to assist readers in understanding our expected and targeted financial results, and this information may not be appropriate for other purposes.

By its nature, CP’s forward-looking information involves numerous assumptions, inherent risks and uncertainties that could cause actual results to differ materially from those expressed or implied by 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 associated with 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; geopolitical instability; changes in laws, regulations and government policies, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; changes in fuel prices; 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; trade restrictions or other changes to international trade arrangements; climate change; various events that could disrupt operations, including severe weather, such as droughts, floods, avalanches and earthquakes, and cybersecurity attacks, as well as security threats and governmental response to them, and technological changes; and the pandemic created by the outbreak of the novel strain of coronavirus (and the disease known as COVID-19) and resulting effects on economic conditions, the demand environment for logistics requirements and energy prices, restrictions imposed by public health authorities or governments, fiscal and monetary policy responses by governments and financial institutions, and disruptions to global supply chains.

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 of Financial Condition and Results of Operations” in CP’s annual and quarterly reports filed on Form 10-K and 10-Q, respectively.

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.

NOTE ON NON-GAAP MEASURES

Except where noted, all figures are in millions of Canadian dollars.

Financial information is prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), unless otherwise noted.

CP presents Non-GAAP measures in this presentation to provide a basis for evaluating underlying earnings and liquidity trends that can be compared with the prior period's results.

It should be noted that CP's Non-GAAP measures as described in this presentation, have no standardized meanings and are not defined by U.S. GAAP and, therefore, are unlikely to be comparable to similar measures presented by other companies. Although CP has provided forward-looking non-GAAP measure (adjusted diluted EPS) and a target non-GAAP measure (adjusted dividend payout ratio), management is unable to reconcile, without unreasonable efforts, the forward-looking adjusted diluted EPS and target adjusted dividend payout ratio to the most comparable GAAP measures (diluted EPS and dividend payout ratio, respectively), due to unknown variables and uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value. In past years, CP has recognized significant asset impairment charges, management transition costs related to senior executives and discrete tax items. These or other similar, large unforeseen transactions affect diluted EPS but may be excluded from CP's adjusted diluted EPS. Additionally, the U.S.-to-Canadian dollar exchange rate is unpredictable and can have a significant impact on CP's reported results but may be excluded from CP's adjusted diluted EPS. In particular, CP excludes the FX impact of translating the Company's debt and lease liabilities, the impact from changes in income tax rates and a provision for uncertain tax item from adjusted diluted EPS.

For further information regarding Non-GAAP measures, including reconciliations to the most directly comparable GAAP measure, see the Non-GAAP Measures supplement to the Q2 2020 Earnings Release on our website at investor.cpr.ca.

KEITH CREEL

PRESIDENT & CHIEF EXECUTIVE OFFICER

HIGHLIGHTS

- Proud of CP family for continued industry leading performance
- Strong operating performance drove record Q2 OR & operating metrics
- Following through on our financial commitments
  - Increased dividend ~15%
  - Restarted share buyback
- 2020 guidance revised to adjusted diluted EPS[(1)(2)] growth year over year

Q2

Revenues
$1.8 billion | -9%

Operating Income
$770 million | -6%

Operating Ratio
57.0% | -140 bps

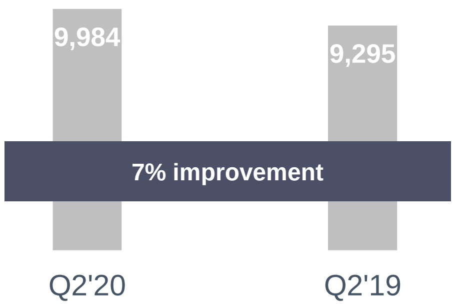
Diluted EPS
$4.66 | -10%

Adjusted diluted EPS[(1)]
$4.07 | -5%

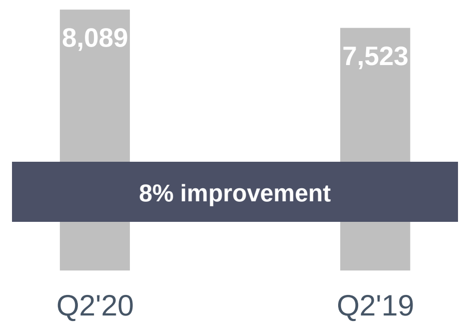
(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q2 2020 Earnings Release on investor.cpr.ca.
(2) CP's expectation for adjusted diluted EPS growth in 2020 is based on 2019's adjusted diluted EPS of $16.44.

OPERATING PERFORMANCE

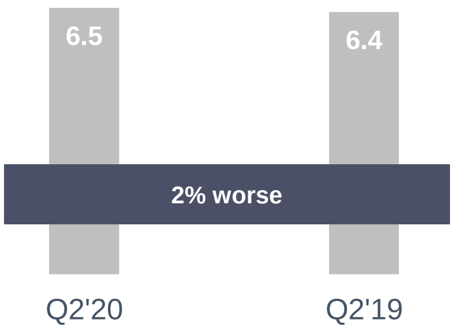
Average train weight
(tons)



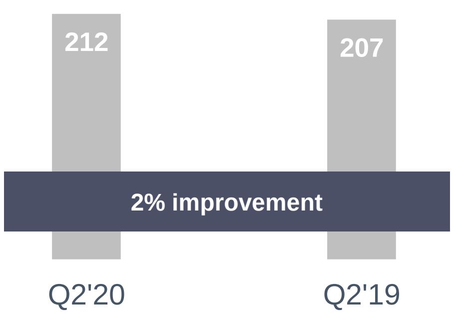
Average train length
(feet)



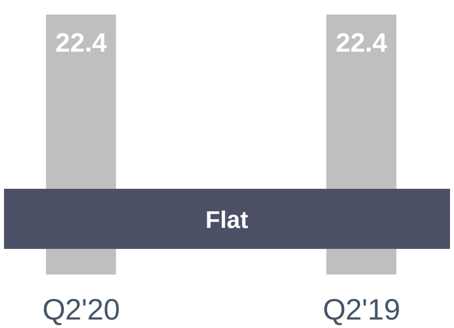
Average terminal dwell
(hours)



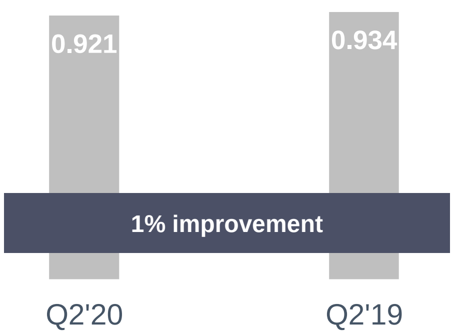
Locomotive Productivity
(Gross ton-miles / Operating Horsepower)



Average train speed
(miles per hour)



Fuel efficiency
(U.S. gallons of locomotive fuel consumed/ 1,000 GTMs)



JOHN BROOKS

CHIEF MARKETING OFFICER

REVENUE HIGHLIGHTS – Q2

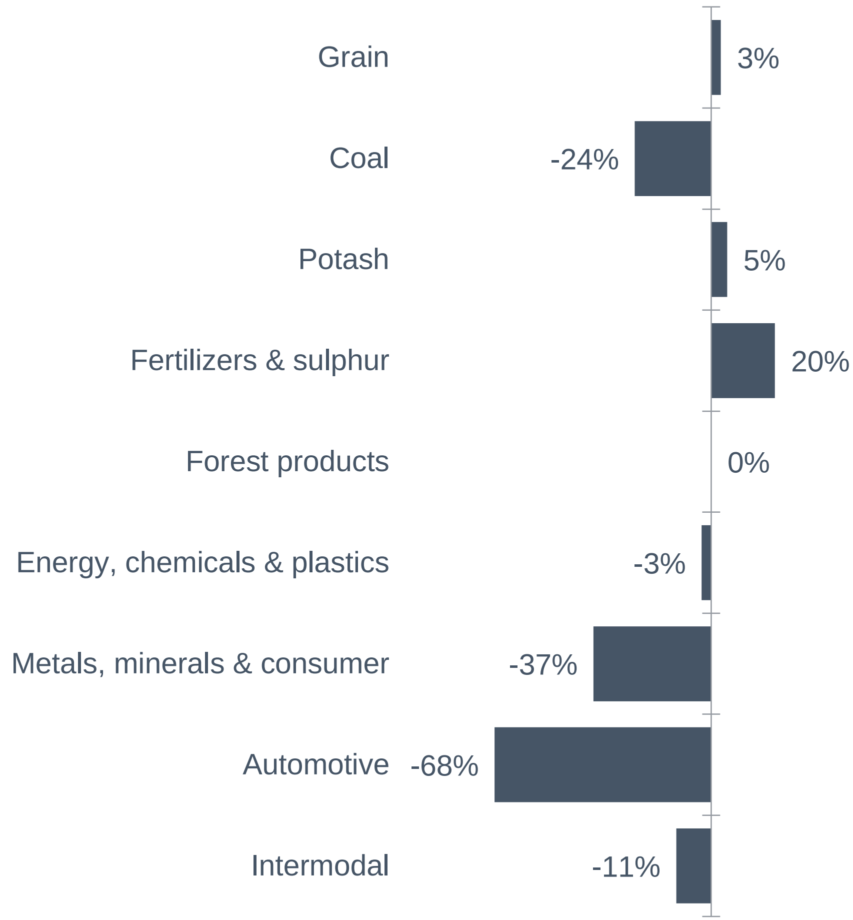
TOTAL REVENUE

-9%

VS Q2 2019

- RTMs: -10%
- FX: +2%
- Fuel: -3%
- Price / Mix / Other: +2%

FX-adjusted revenue variance[1]



(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q2 2020 Earnings Release on investor.cpr.ca.

LINES OF BUSINESS

BULK: 40%

- Three consecutive record quarters for Canadian grain across all metrics; outlook remains strong
- Record Q2 potash; contract with China settled, sets up a strong H2
- Agriculture lines of business continue to provide resiliency

MERCHANDISE: 39%

- Merchandise segments hardest hit by the pandemic
- Guidance assumes minimal crude in H2; DRU construction to be completed mid-2021
- Two new automotive customers coming online with additional opportunities

INTERMODAL: 21%

- International intermodal exceeded expectations and key domestic customers demonstrated their resiliency
- Domestic intermodal food and retail performance moving back to pre-pandemic levels
- Port of Saint John provides a compelling opportunity

Business mix shown represents percentage of 2019 freight revenue

NADEEM VELANI

CHIEF FINANCIAL OFFICER

FINANCIAL PERFORMANCE – Q2

(in millions, except percentages and per share data)	Second Quarter 2020	Second Quarter 2019	Change %	FX Adjusted Change%(1)
Total revenues	$ 1,792	$ 1,977	(9)%	(11)%
Compensation and benefits	347	383	(9)%	(11)%
Fuel	131	236	(44)%	(46)%
Materials	50	54	(7)%	(7)%
Equipment rents	33	34	(3)%	(6)%
Depreciation and amortization	195	183	7%	6%
Purchased services and other	266	265	-%	(1)%
Total operating expenses	1,022	1,155	(12)%	(13)%
Operating income	**770**	**822**	**(6)%**	**(8)%**
Other income	(86)	(40)	115%	
Other components of net periodic benefit recovery	(86)	(98)	(12)%	
Net interest expense	118	112	5%	
Income tax expense	189	124	52%	
Net income	**$ 635**	**$ 724**	**(12)%**	
Adjusted income(1)	**$ 553**	**$ 602**	**(8)%**	
Diluted earnings per share	$ 4.66	$ 5.17	(10)%	
Adjusted diluted earnings per share(1)	$ 4.07	$ 4.30	(5)%	
Operating ratio	57.0%	58.4%	(140) bps	

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q2 2020 Earnings Release on investor.cpr.ca.

FREE CASH

(in millions)	For the six months ended June 30 2020		2019	
Cash provided by operating activities	**$**	**1,324**	**$**	**1,134**
Capital expenditures		(857)		(683)
Investment in Central Maine & Quebec Railway		19		-
Other property and asset sales		7		14
Other		1		(5)
Cash used in investing activities		(830)		(674)
Effect of FX on USD-denominated cash & cash equivalents		16		(2)
Less: Investment in Central, Maine & Quebec Railway		19		-
Free cash(1)	**$**	**491**	**$**	**458**
Return on average shareholders' equity(2)		31.8%		33.9%
Adjusted ROIC(1)		17.1%		16.8%
Long-term debt to Net income ratio(3)		4.1		3.7
Adjusted net debt to Adjusted EBITDA ratio(1)		2.4		2.4

- Dividend increase ~15%; industry leading dividend growth on path to targeted adj. dividend payout ratio(1) of 25% – 30%
- Resumed the share buyback program
- Leverage remains in guided range of 2.0x – 2.5x adj. net debt to adj. EBITDA; no commercial paper outstanding at June 30th

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q2 2020 Earnings Release on investor.cpr.ca.
(2) Return on average shareholders' equity is defined as Net income divided by average shareholders' equity, averaged between the beginning and ending balance over a rolling 12-month period.
(3) Long-term debt to Net income ratio is defined as long-term debt, including long-term debt maturing within one year, divided by Net income.

2020 REVISED OUTLOOK

ADJUSTED DILUTED EPS[1][2] GROWTH

MID-SINGLE DIGIT RTM DECLINE

CAPITAL EXPENDITURES $1.6B

ASSUMPTIONS

- Expected effective tax rate of 24.8%
- Other components of net periodic benefit recovery to decrease by approximately $40 million vs. 2019
- FX 1.35 USD/CAD

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(2) CP's expectation for adjusted diluted EPS growth in 2020 is based on 2019's adjusted diluted EPS of $16.44.

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