



Q2 2017 EARNINGS REVIEW

JULY 19, 2017



FORWARD LOOKING STATEMENTS

The following investor presentation contains certain forward-looking information within the meaning of applicable securities laws relating, but not limited, to Canadian Pacific's operations, priorities and plans, anticipated financial performance, 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 such as "anticipate", "believe", "expect", "plan" 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; 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 including long-term floating rate notes; and investments, 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 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 earnings information in this presentation to provide a basis for evaluating underlying earnings trends that can be compared with the prior period's results.

It should be noted that CP's non-GAAP earnings 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.

For further information regarding non-GAAP measures see the Non-GAAP Measures supplement to the press release on our website at www.cpr.ca.



KEITH CREEL

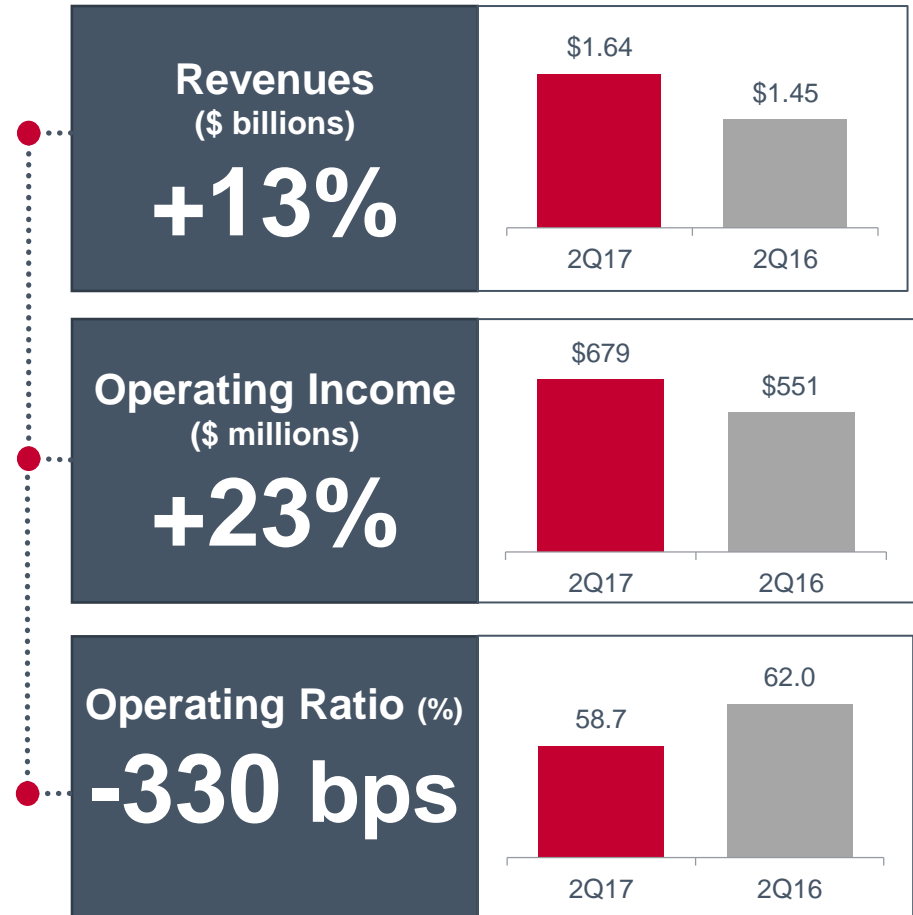
PRESIDENT & CEO



Q2 HIGHLIGHTS

RECORD EARNINGS DRIVEN BY REVENUE GROWTH AND COST CONTROL

- Impressive quarter with record financial performance
- Continued margin improvements through disciplined cost control
- Strong operating performance in a rising volume environment





JOHN BROOKS
CHIEF MARKETING OFFICER



REVENUE PERFORMANCE

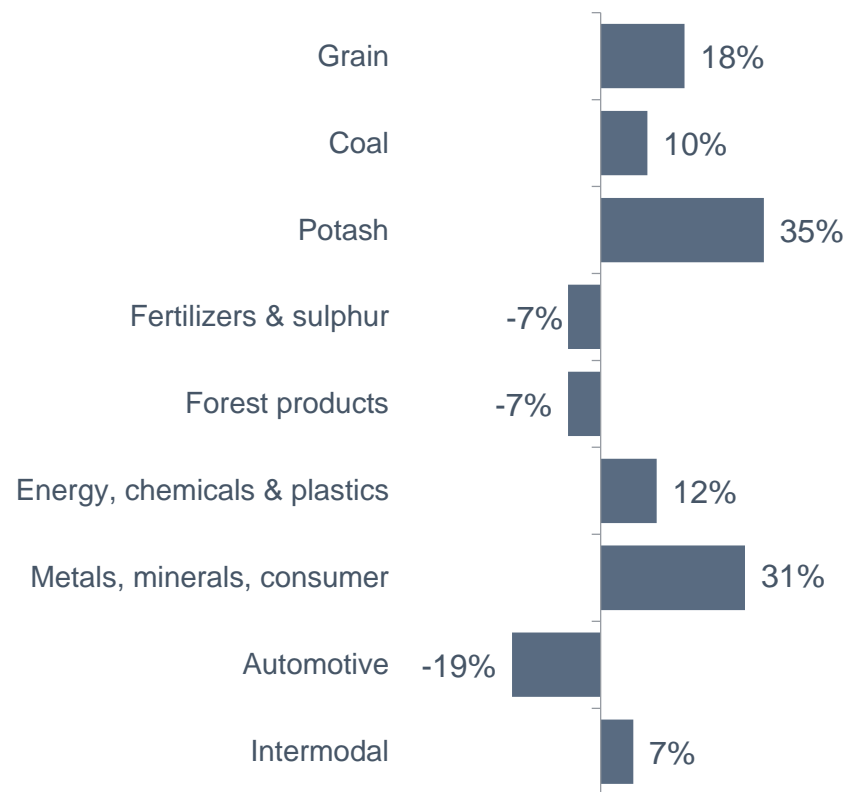
TOTAL REVENUE

+13%

VS Q2 2016

- RTMs: +12%
- Freight Revenue per RTM: +1%
 - FX: +2%
 - Fuel: +2%
 - Price/mix: -3%

FX-adjusted revenue variance⁽¹⁾



(1) For a reconciliation of FX-adjusted variances, see CP's Q2 2017 Earnings Release on www.cpr.ca



NADEEM VELANI

CHIEF FINANCIAL OFFICER



CP

FINANCIAL PERFORMANCE

<i>(In millions, except percentages and per share data)</i>	Second Quarter		Change %	FX-Adjusted Change % ⁽¹⁾
	2017	2016		
Total revenues	\$ 1,643	\$ 1,450	13	11
Operating expenses				
Compensation and benefits	277	284	(2)	(4)
Fuel	160	131	22	19
Materials	48	38	26	23
Equipment rents	37	44	(16)	(18)
Depreciation and amortization	165	161	2	1
Purchased services and other	277	241	15	13
Total operating expenses	964	899	7	5
Operating income	679	551	23	20
Other income and charges	(61)	(9)	578	
Net interest expense	122	115	6	
Income tax expense	138	117	18	
Net income	480	328	46	
Diluted earnings per share	\$3.27	\$2.15	52	
Adjusted diluted earnings per share ⁽²⁾	\$2.77	\$2.05	35	
Operating ratio	58.7%	62.0%	(330) bps	

(1) For a reconciliation of FX-adjusted variances, see CP's Q2 2017 Earnings Release on www.cpr.ca

(2) For a full description and reconciliation of Non-GAAP Measures, see CP's Q2 2017 Earnings Release on www.cpr.ca

FREE CASH

<i>(in millions)</i>	For six months ended June 30	
	2017	2016
Cash provided by operating activities	\$922	\$730
Capital expenditures	(576)	(608)
Proceeds from sale of properties & other assets	16	71
Other	5	(2)
Cash used in investing activities	(555)	(539)
Effect of FX on USD-denominated cash & cash equivalents	(6)	(18)
Free cash ⁽¹⁾	\$361	\$173

- Announced 3% share buyback program and 12.5% increase in dividend
- Continue to target 2-2.5x Net Debt to EBITDA

(1) For a full description and reconciliation of Non-GAAP Measures, see CP's Q2 2017 Earnings Release on www.cpr.ca



KEITH CREEL

PRESIDENT & CEO



APPENDIX



KEY MODELING SENSITIVITIES

Key sensitivities

Foreign exchange rate*

For every \$0.01 decline in the Canadian dollar:

- Revenues increase by approximately \$26 million
- Expenses increase by approximately \$13 million
- Interest expense increases by approximately \$3 million

*Sensitivities are quoted on a full year basis. Large shifts in exchange rates, fuel costs or revenue mix may cause the sensitivities listed above to change.

Stock-based compensation

For every \$1 appreciation in share price, compensation & benefits increases by approximately \$0.3 million to \$0.5 million.

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