

Q1 2014

EARNINGS REVIEW

APRIL 22, 2014

CANADIAN PACIFIC

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 investments, including long-term floating rate notes; 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.

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 statements are 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.

T denotes Target, E denotes Estimate.



E. HUNTER HARRISON
CEO

CANADIAN PACIFIC

Q1 HIGHLIGHTS

▼ OPERATING RATIO

72.0%

380 BP IMPROVEMENT

▲ DILUTED EPS

$1.44

16% INCREASE

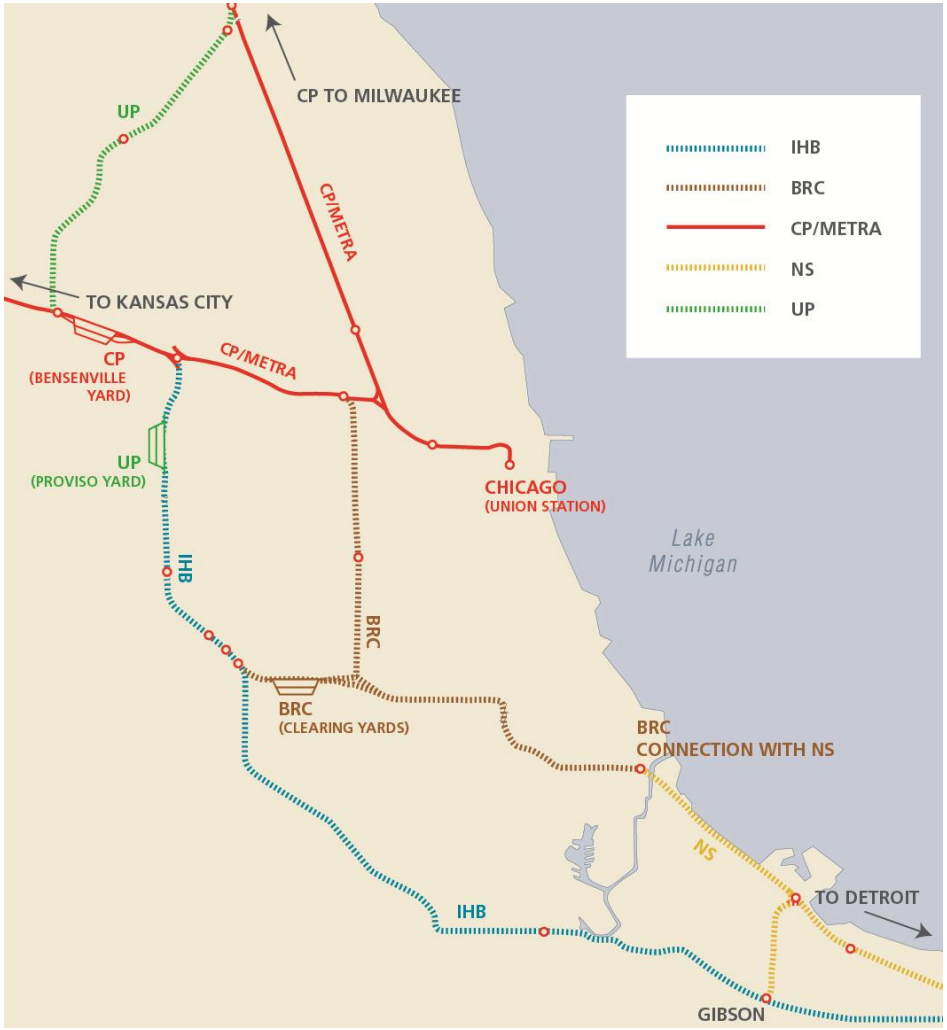
- Record Q1 in spite of challenging winter
  - – Winter impact of $0.30-0.35 EPS versus typical conditions
- Disappointing regulatory changes
- Share buyback program announced
  - – Repurchasing up to $1 billion



KEITH CREEL
PRESIDENT & COO

CANADIAN PACIFIC

OPERATIONS UPDATE



- Prolonged Chicago network disruption
  - Congestion starting to ease
- Legislated grain volumes
  - Meeting & exceeding minimum thresholds
- Continued investment in safety
  - Safety culture continues to evolve



JANE O'HAGAN
EVP & CMO

CANADIAN PACIFIC

Q1 REVENUE PERFORMANCE

▲ FREIGHT REVENUE

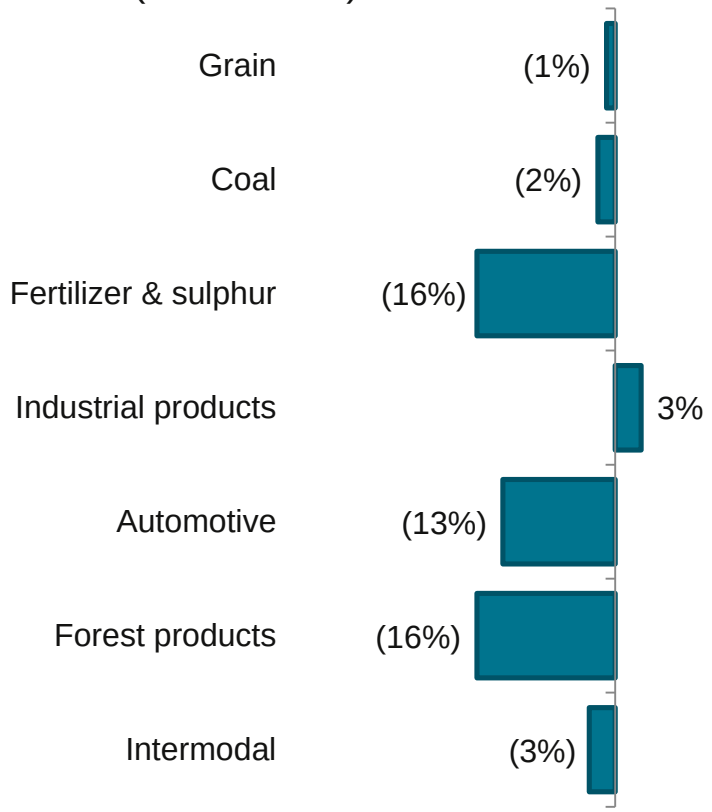
+1%

VS Q1 2013

- ▲ RTMs down 5%
- ▲ Revenue per RTM up 6%

- ▲ Carloads down 6%
- ▲ Revenue per carload up 8%

FX-adjusted variance[1]
favorable/(unfavorable)



(1) For a full description of foreign exchange adjusted variances see Non-GAAP Measures on www.cpr.ca



BART DEMOSKY
EVP & CFO

CANADIAN PACIFIC

Q1 FINANCIAL HIGHLIGHTS

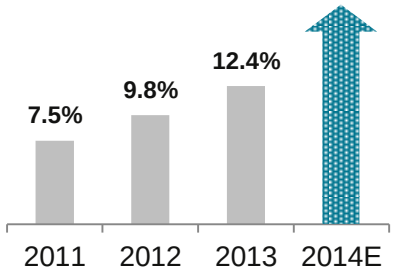
In millions, except percentages and per share data	2014	2013	Variance Fav/ (Unfav) Reported	Variance Fav/ (Unfav) FX Adj[1]
Total revenues	$ 1,509	$ 1,495	1%	(3%)
Total operating expenses	1,086	1,133	4%	8%
Operating income	423	362	17%	10%
Other charges	-	3	100%	
Net interest expense	70	70	-	
Income tax expense	99	72	(38%)	
Net income	254	217	17%	
Diluted earnings per share	$ 1.44	$ 1.24	16%	
Operating ratio	72.0%	75.8%	380 bps	

(1) For a full description of foreign exchange adjusted variances see Non-GAAP Measures on www.cpr.ca

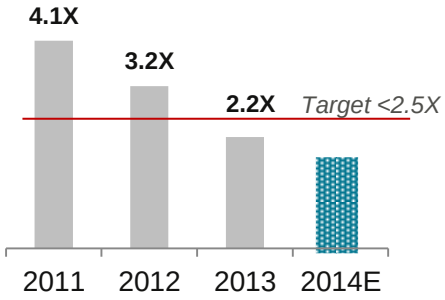
ENHANCING SHAREHOLDER VALUE

- Buyback Announced
  - Reflection of strong cash flow generation
  - Private placement transaction and Automatic Share Purchase Plan
- Ratings upgrade
  - S&P announced upgrade to BBB with positive outlook

RETURN ON CAPITAL EMPLOYED
(PRE-TAX, ADJUSTED)



ADJUSTED DEBT /
ADJUSTED EBITDA



(1) For a full description and reconciliation of Return on Capital Employed and Adjusted Debt to Adjusted EBITDA, see Non-GAAP Measures on www.cpr.ca and CP's 2013 Management's Discussion and Analysis



E. HUNTER HARRISON
CEO

CANADIAN PACIFIC

2014 GUIDANCE

6% to 7%

▲ REVENUE GROWTH

65% or lower

▼ OPERATING RATIO

≥ 30%

▲ EPS GROWTH(1)

(1) Compared to 2013 diluted EPS, excluding significant items, of $6.42 which is a non-GAAP measure. For a full description see Non-GAAP Measures on www.cpr.ca



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FOREIGN EXCHANGE IMPACT

	Quarterly Variance Fav/(Unfav)	
	Reported	**FX adjusted(1)**
Grain	4%	(1%)
Coal	(1%)	(2%)
Fertilizers & sulphur	(12%)	(16%)
Industrial & consumer products	11%	3%
Automotive	(9%)	(13%)
Forest products	(9%)	(16%)
Intermodal	(2%)	(3%)
Total freight revenues	1%	(3%)
Compensation & benefits	12%	14%
Fuel	-	7%
Materials	(24%)	(19%)
Equipment rents	11%	16%
Depreciation	-	1%
Purchased services & other	6%	9%
Total operating expenses	4%	8%

(1) For a full description of foreign exchange adjusted variances see Non-GAAP Measures on www.cpr.ca