Q1 2016 EARNINGS REVIEW

APRIL 20, 2016



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 an 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.


E. HUNTER HARRISON
CHIEF EXECUTIVE OFFICER
CP

Q1 HIGHLIGHTS

OPERATING RATIO

58.9%

430 BP IMPROVEMENT

ADJUSTED DILUTED EPS(1)

$2.50

UP 11%

- Record operating ratio
- Rewarding shareholders
  - 5% share buyback program
  - 43% increase in dividend
- Record results in a challenging environment

(1) For a full description and reconciliation of Non-GAAP Measures see CP's Q1 2016 Earnings Release on www.cpr.ca

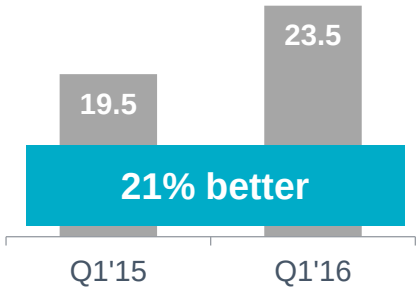


KEITH CREEL

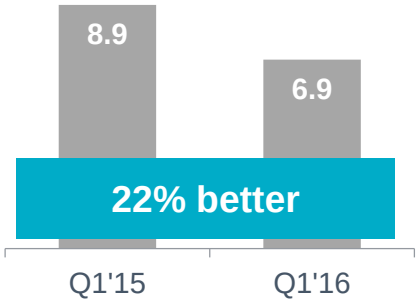
PRESIDENT & CHIEF OPERATING OFFICER

OPERATING PERFORMANCE

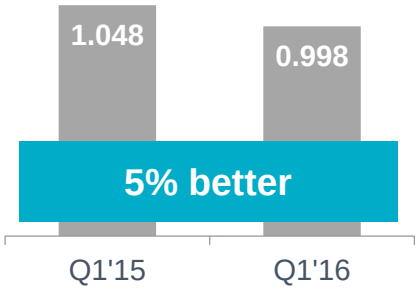
Average network speed
(mph)



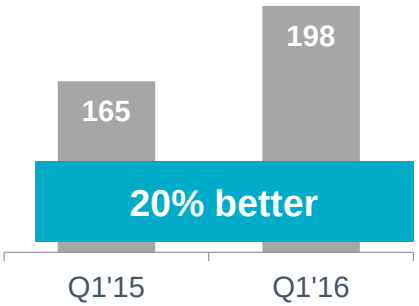
Average terminal dwell
(hours)



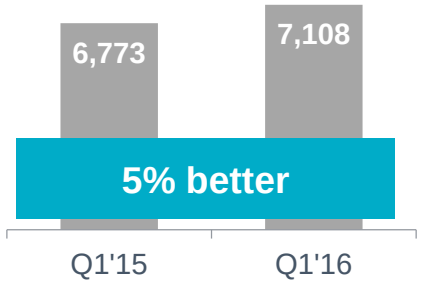
Fuel efficiency
(US gallons per 1,000 GTMs)



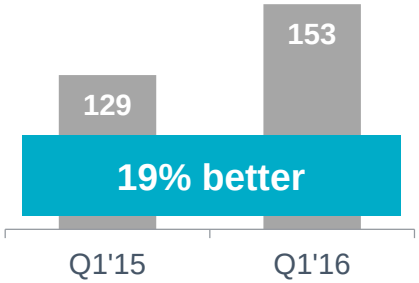
Locomotive productivity
(GTMs per Available HP)



Average train length
(feet)



Car miles per car day
(miles)



REVENUE PERFORMANCE

FREIGHT REVENUE

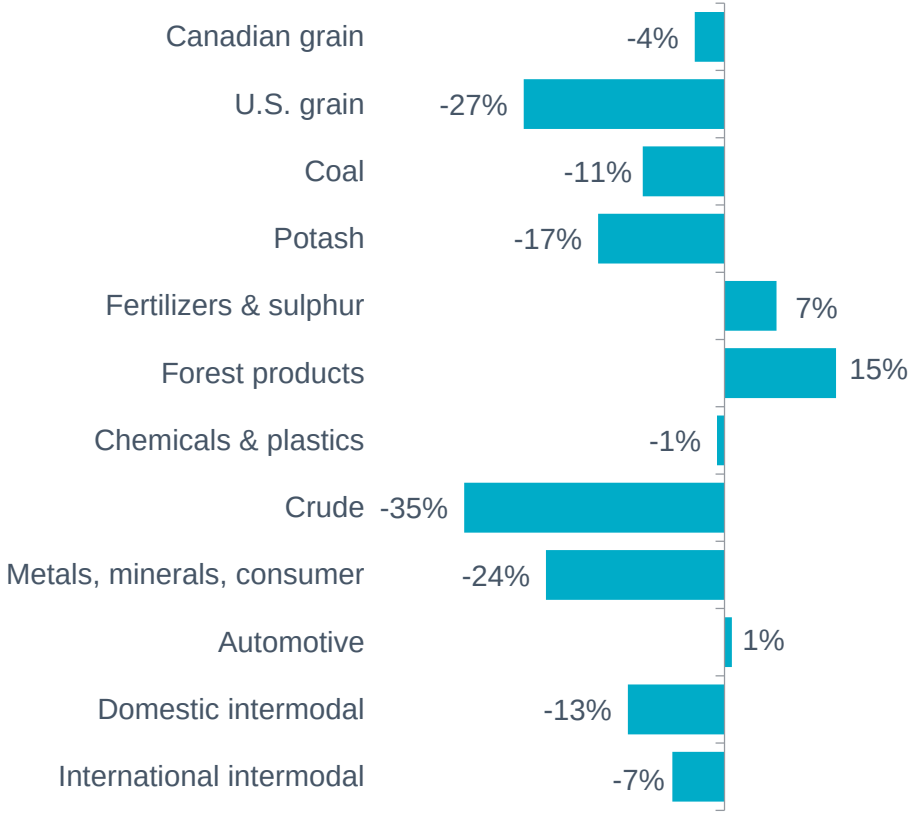
-5%

VS Q1 2015

- RTMs -5%
- Freight Revenue per RTM
  - FX +6%
  - Fuel -5%
  - Price/mix -1%

FX-adjusted revenue variance(1)

favorable/(unfavorable)



(1) For a full reconciliation of FX-adjusted revenue variances, please see the appendix to this presentation

MARK ERCEG

EVP & CHIEF FINANCIAL OFFICER



FINANCIAL PERFORMANCE

(In millions, except percentages and per share data)	First Quarter 2016	First Quarter 2015
Total revenues	$ 1,591	$ 1,665
Total expenses	938	1,053
Compensation and benefits	329	378
Fuel	125	195
Materials	56	52
Equipment rents	45	42
Depreciation and amortization	162	146
Purchased services and other	221	240
Operating income	653	612
Other (income) and charges	(181)	73
Net interest expense	124	85
Income tax expense	170	134
Net income	540	320
Adjusted income[(1)]	384	375
Diluted earnings per share	$ 3.51	$ 1.92
Adjusted diluted earnings per share[(1)]	$ 2.50	$ 2.26
Operating ratio	58.9%	63.2%

(1) For a full description and reconciliation of Non-GAAP Measures see CP's Q1 2016 Earnings Release on www.cpr.ca



E. HUNTER HARRISON

CHIEF EXECUTIVE OFFICER

APPENDIX



ADJUSTED RESULTS

(In millions, except percentages and per share data)	First Quarter 2016	First Quarter 2015	Variance *Fav/(Unfav)*
Operating income	653	612	7%
Adjusted income[1]	384	375	2%
Other (income) & charges	-	9	(100%)
includes:			
FX translation on USD-denominated debt	*(181)*	*64*	
Net interest expense	124	85	(46%)
Income tax expense	145	143	(1%)
includes:			
Tax expense/(recovery) on significant items[1]	*25*	*(9)*	
Adjusted diluted EPS[1]	$2.50	$2.26	11%
Adjusted operating ratio[1]	58.9%	63.2%	430 bps

(1) For a full description and reconciliation of Non-GAAP Measures see CP's 1Q1 2016 Earnings Release on www.cpr.ca

FX-ADJUSTED FREIGHT REVENUES

	First Quarter				
	2016	2015	Reported Variance *Fav/(Unfav)*	FX Impact	FX Adj[(1)] Variance *Fav/(Unfav)*
Canadian Grain	$254	$256	(1%)	$8	(4%)
U.S. Grain	113	137	(18%)	17	(27%)
Coal	145	160	(9%)	3	(11%)
Potash	82	93	(12%)	6	(17%)
Fertilizers and sulphur	81	71	14%	5	7%
Forest products	71	57	25%	5	15%
Chemicals and plastics	194	178	9%	18	(1%)
Crude	71	98	(28%)	11	(35%)
Metals, minerals and consumer products	133	159	(16%)	16	(24%)
Automotive	91	82	11%	8	1%
Domestic intermodal	171	194	(12%)	3	(13%)
International intermodal	142	145	(2%)	7	(7%)
Freight revenues	**$1,548**	**$1,630**	**(5%)**	**$107**	**(11%)**

(1) For a full description of FX-adjusted variances see CP's Q1 2016 Earnings Release on www.cpr.ca

FX-ADJUSTED EXPENSES

	First Quarter				
	2016	2015	Reported Variance *Fav/(Unfav)*	FX Impact	FX Adj[(1)] Variance *Fav/(Unfav)*
Compensation and benefits	$329	$378	13%	$12	16%
Fuel	125	195	36%	17	41%
Materials	56	52	(8%)	3	(2%)
Equipment rents	45	42	(7%)	3	-
Depreciation and amortization	162	146	(11%)	4	(8%)
Purchased services and other	221	240	8%	15	13%
Operating expenses	**$938**	**$1,053**	**11%**	**$54**	**15%**

(1) For a full description of FX-adjusted variances see CP's Q1 2016 Earnings Release on www.cpr.ca