Q2 2016 EARNINGS REVIEW

JULY 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 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.


E. HUNTER HARRISON
CHIEF EXECUTIVE OFFICER

Q2 HIGHLIGHTS

OPERATING RATIO

62.0%

110 BP INCREASE

ADJUSTED DILUTED EPS(1)

$2.05

DOWN 16%

- Challenging quarter; the worst is behind us
- Solid bulk fundamentals in second half
- No one said it would be easy

(1) For a full description and reconciliation of Non-GAAP Measures see CP's Q2 2016 Earnings Release on www.cpr.ca

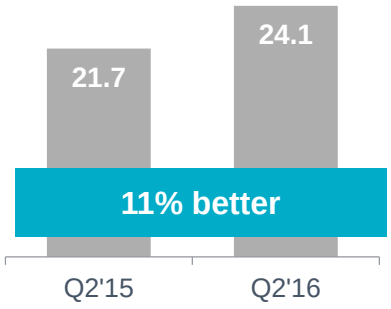


KEITH CREEL

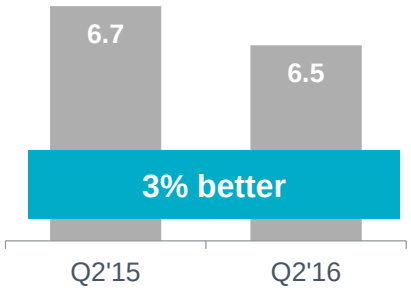
PRESIDENT & CHIEF OPERATING OFFICER

OPERATING PERFORMANCE

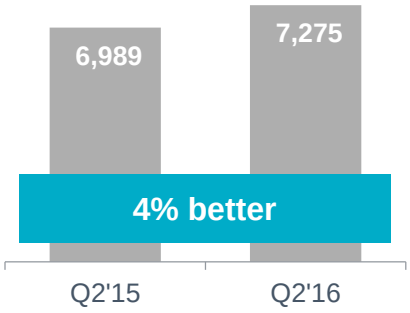
Average network speed (mph)



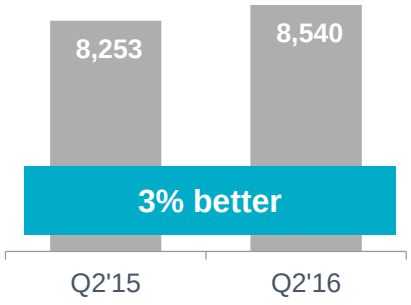
Average terminal dwell (hours)



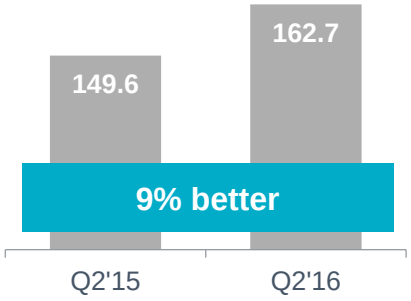
Average train length (feet)



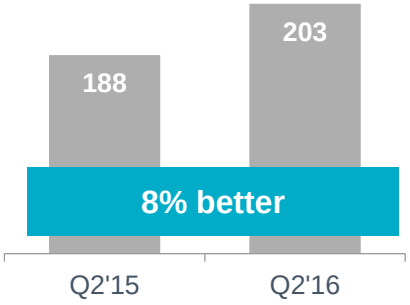
Average train weight (tons)



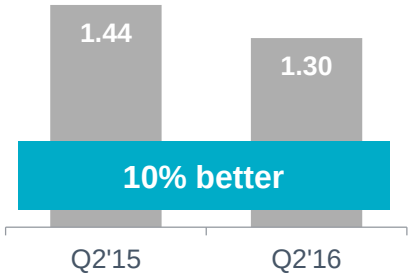
Car miles per car day (miles)



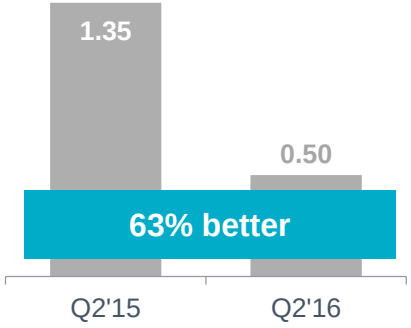
Locomotive productivity (GTMs per Available HP)



FRA personal injury rate (per 200,000 employee-hours)



FRA train accident frequency (per million train miles)



REVENUE PERFORMANCE

TOTAL REVENUE

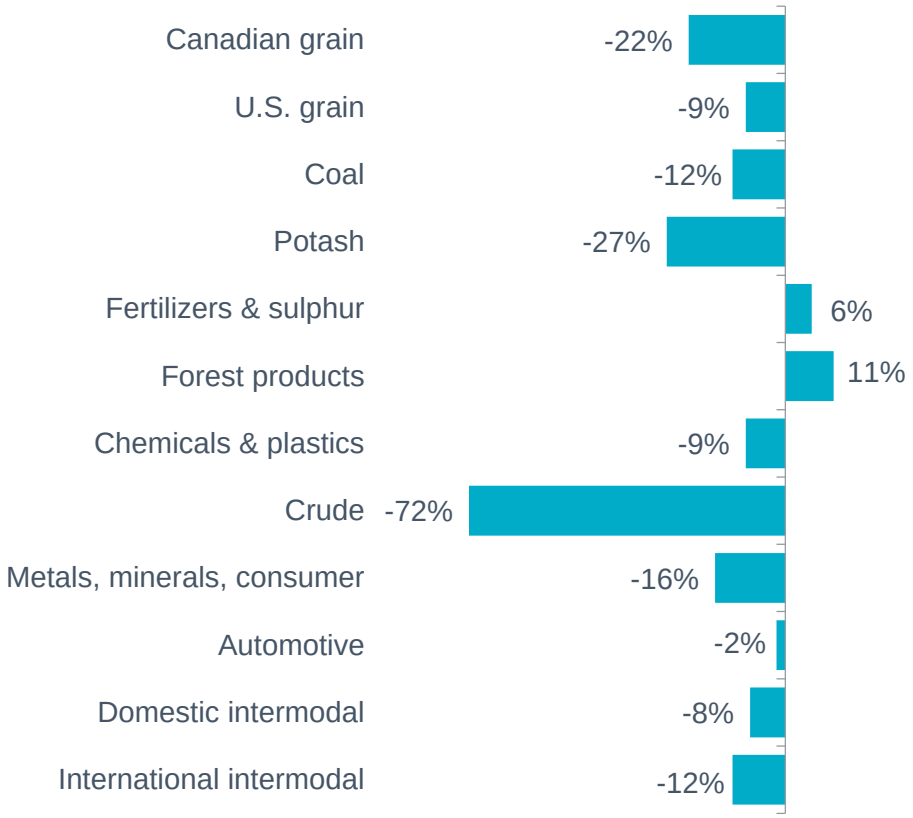
-12%

VS Q2 2015

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

FX-adjusted revenue variance(2)

favourable/(unfavourable)



(1) 'Other' reflects the impact of lower haulage revenues due to the sale of the D&H South as well as lower demurrage and storage revenues
(2) 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)	Second Quarter 2016	2015
Total revenues	$ 1,450	$ 1,651
Total operating expenses	899	1,005
Compensation and benefits	284	308
Fuel	131	185
Materials	38	45
Equipment rents	44	46
Depreciation and amortization	161	145
Purchased services and other	241	276
Operating income	551	646
Other income and charges	(9)	(5)
Net interest expense	115	84
Income tax expense	117	177
Net income	328	390
Adjusted income(1)	312	404
Diluted earnings per share	2.15	2.36
Adjusted diluted earnings per share(1)	2.05	2.45
Operating ratio	**62.0%**	**60.9%**

(1) For a full description and reconciliation of Non-GAAP Measures see CP's Q2 2016 Earnings Release on www.cpr.ca



E. HUNTER HARRISON

CHIEF EXECUTIVE OFFICER

APPENDIX



FX-ADJUSTED REVENUES & EXPENSES

	Second Quarter				
	2016	2015	Reported Variance *Fav/(Unfav)*	FX Impact	FX Adj[(1)] Variance *Fav/(Unfav)*
Canadian Grain	$ 201	$ 255	(21%)	$ 3	(22%)
U.S. Grain	101	106	(5%)	5	(9%)
Coal	149	167	(11%)	2	(12%)
Potash	79	106	(25%)	2	(27%)
Fertilizers and sulphur	73	67	9%	2	6%
Forest products	70	61	15%	2	11%
Chemicals and plastics	162	171	(5%)	7	(9%)
Crude	24	81	(70%)	4	(72%)
Metals, minerals and consumer products	140	160	(13%)	6	(16%)
Automotive	93	91	2%	4	(2%)
Domestic intermodal	177	192	(8%)	1	(8%)
International intermodal	137	153	(10%)	2	(12%)
Freight revenues	**$ 1,406**	**$ 1,610**	**(13%)**	**$ 40**	**(15%)**
Compensation and benefits	$ 284	$ 308	8%	$ 6	10%
Fuel	131	185	29%	8	32%
Materials	38	45	16%	-	16%
Equipment rents	44	46	4%	2	8%
Depreciation and amortization	161	145	(11%)	1	(10%)
Purchased services and other	241	276	13%	6	15%
Operating expenses	**$ 899**	**$ 1,005**	**11%**	**$ 23**	**13%**

(1) For a full description of Non-GAAP Measures see CP's Q2 2016 Earnings Release on www.cpr.ca

ADJUSTED RESULTS

(In millions, except percentages and per share data)	Second Quarter 2016	2015	Variance *Fav/(Unfav)*
Operating income	551	646	(15%)
Other (income) & charges	(9)	(5)	80%
includes:			
Impact of FX translation on USD-denominated debt[(1)]	*18*	*10*	
Net interest expense	115	84	(37%)
Income tax expense	117	177	34%
includes:			
Tax expense on significant items[(1)]	*(2)*	*(1)*	
Income tax rate change	*-*	*(23)*	
Adjusted income[(1)]	312	404	(23%)
Adjusted diluted EPS[(1)]	$2.05	$2.45	(16%)

(1) For a full description and reconciliation of Non-GAAP Measures see CP's Q2 2016 Earnings Release on www.cpr.ca

KEY MODELING SENSITIVITIES

Key sensitivities	
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 $0.5 million to $0.7 million.

For additional disclosures related to the impact of changes in exchange rates or share price, see Item 3 in CP's Form 10-Q, which is available on www.cpr.ca