

Q3 2015 EARNINGS REVIEW

OCTOBER 20, 2015

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.

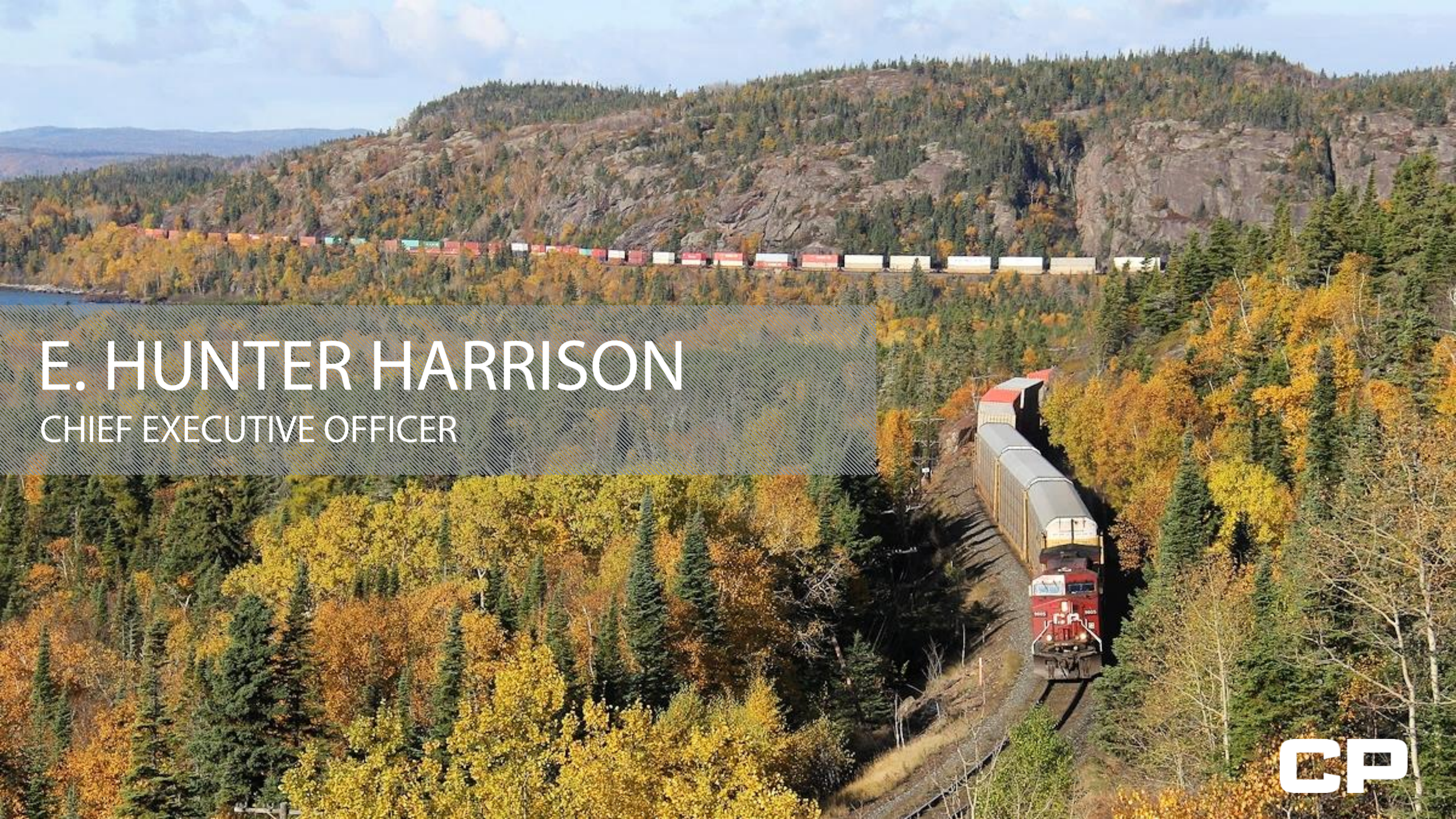
Financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), unless otherwise noted.

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

CHIEF EXECUTIVE OFFICER

HIGHLIGHTS

▼ ADJUSTED OPERATING RATIO

59.9%

290 BP IMPROVEMENT

▲ ADJUSTED EPS

$2.69

16% IMPROVEMENT

- Continued margin improvement and earnings growth in softer volume environment
- Sale of D&H South complete
- Upsized buyback
- Hourly agreement with Brotherhood of Locomotive Engineers and Trainmen (BLET) in the U.S.

For a full description and reconciliation of Adjusted operating ratio, Adjusted EPS and other Non-GAAP Measures see CP's Q3 2015 Earnings Release on www.cpr.ca



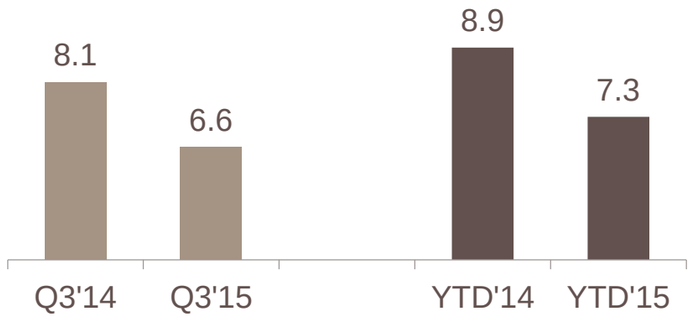
KEITH CREEL

PRESIDENT & CHIEF OPERATING OFFICER

EXECUTING THE PLAN

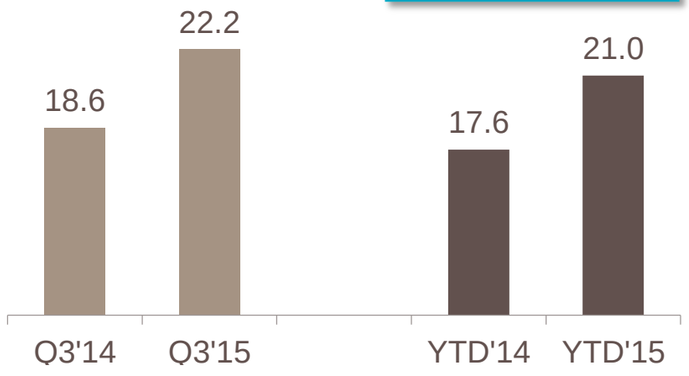
Terminal Dwell
(Hours)

Q3: 19% better
YTD: 18% better



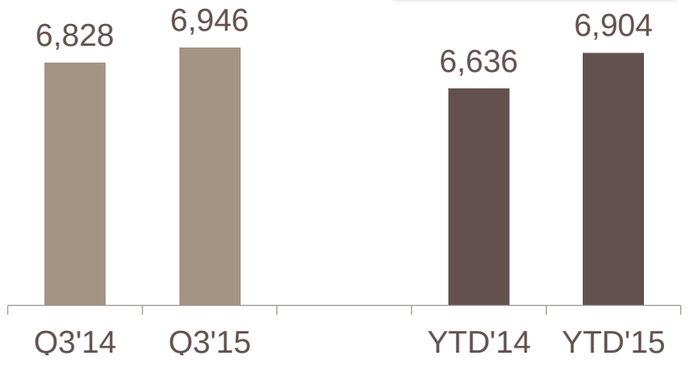
Network Speed
(Miles per hour)

Q3: 19% better
YTD: 19% better



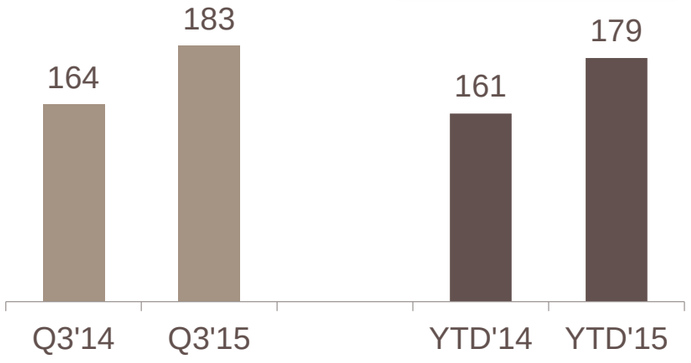
Train Length
(Feet)

Q3: 2% better
YTD: 4% better



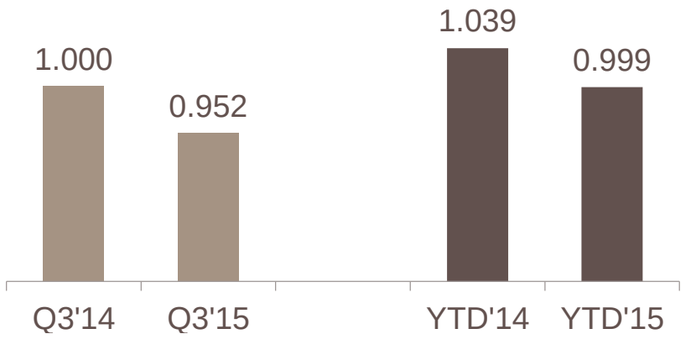
Locomotive Productivity
(GTMs per Available HP)

Q3 : 12% better
YTD: 11% better



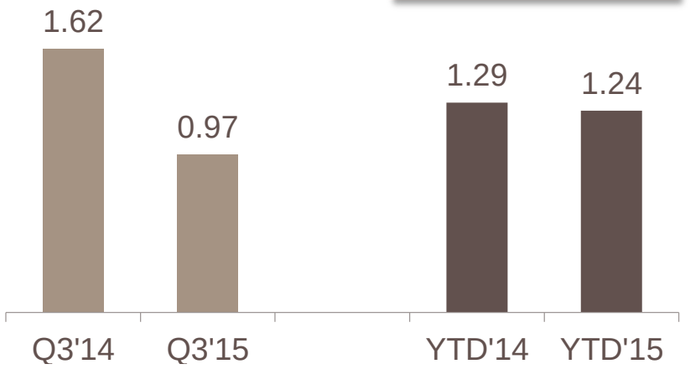
Fuel Efficiency
(Gallons per 1,000 GTMS)

Q3: 5% better
YTD: 4% better



Train Accident Frequency
(Accidents per million train miles)

Q3: 40% better
YTD: 4% better



REVENUE PERFORMANCE

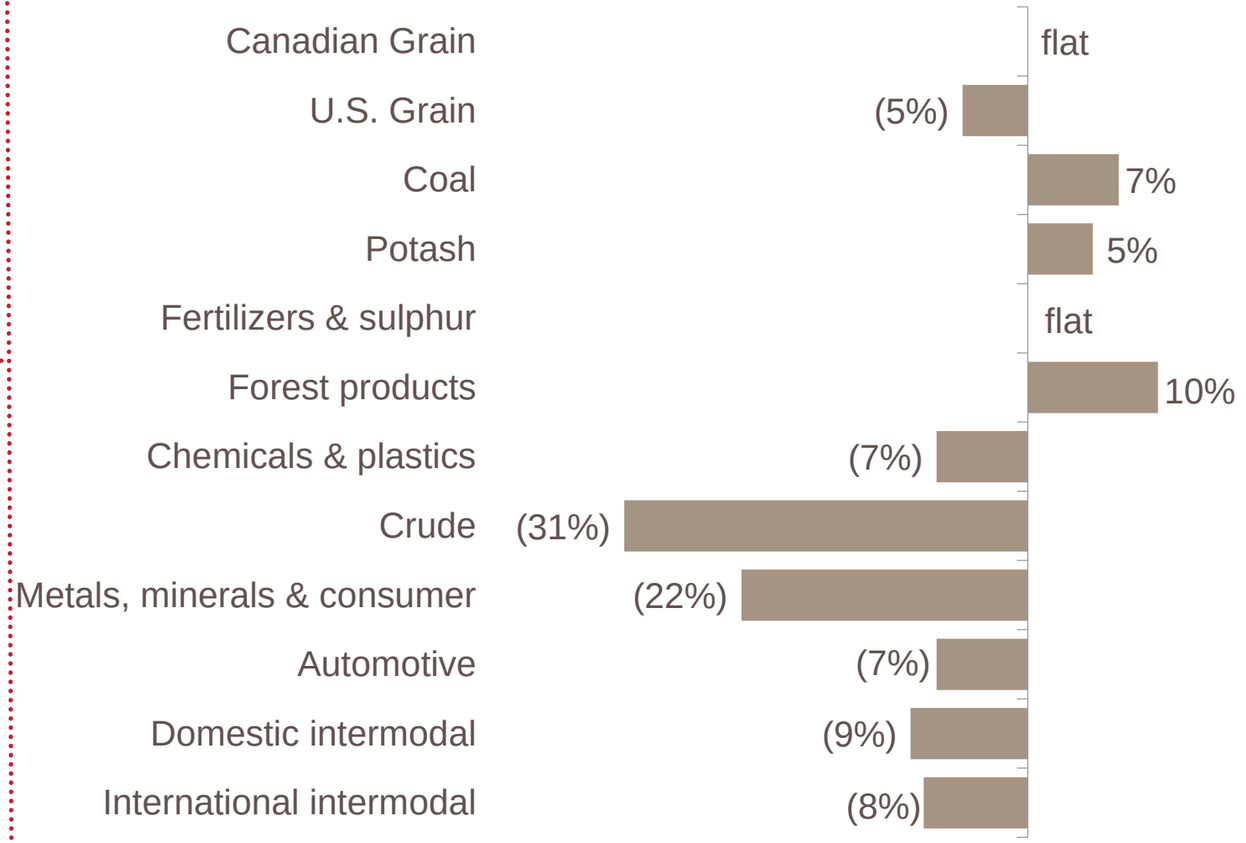
▲ FREIGHT REVENUE

+2%

VS Q3 2014

- ▲ RTMs -4%
- ▲ Revenue per RTM +6%
  - FX +11%
  - Fuel -6%
  - Price +3%
  - Mix -2%

FX-adjusted revenue variance(1)
favorable/(unfavorable)



(1) For a full description and reconciliation of Non-GAAP Measures see CP's Q3 2015 Earnings Release on www.cpr.ca


MARK ERCEG
CHIEF FINANCIAL OFFICER

FINANCIAL PERFORMANCE

(In millions, except percentages and per share data)	Third Quarter 2015	Third Quarter 2014	Variance Fav/(Unfav) Reported	Variance Fav/(Unfav) FX Adj[1]
Total revenues	$ 1,709	$ 1,670	2%	(8%)
Total expenses	956	1,049	9%	16%
Compensation & benefits	352	347	(1%)	4%
Fuel	162	249	35%	45%
Materials	47	47	-	4%
Equipment rents	42	36	(17%)	-
Depreciation	149	135	(10%)	(6%)
Purchased services & other	272	235	(16%)	(8%)
Gain of sale of Delaware & Hudson South	(68)	-	100%	100%
Operating income	753	621	21%	7%
Adjusted operating income[1]	685	621	10%	(3%)
Other income & charges	168	1		
Net interest expense	103	70	(47%)	(24%)
Income tax expense	159	150	(6%)	8%
Net income	323	400	(19%)	(28%)
Adjusted earnings[1]	427	400	7%	(5%)
Diluted earnings per share	$ 2.04	$ 2.31	(12%)	
Adjusted diluted earnings per share[1]	$ 2.69	$ 2.31	16%	
Adjusted operating ratio[1]	59.9%	62.8%	290 bps	

(1) For a full description and reconciliation of Non-GAAP Measures see CP's Q3 2015 Earnings Release on www.cpr.ca

FREE CASH

(In millions)	For nine months ended September 30th	
	2015	**2014**
Cash from operations	**$ 1,836**	**$ 1,466**
Capital expenditures	(1,067)	(936)
Proceeds from the sale of the D&H South	281	-
Proceeds from the sale of the DM&E West	-	236
Asset sales	73	26
Dividends paid	(172)	(184)
Effect of FX on USD denominated cash & cash equivalents	23	2
Other	5	-
Free cash(1)	**$ 979**	**$ 610**

- Early redemption of restrictive notes
- Opportunistically buying back shares
  - Repurchased 7.7 million shares in Q3 and 13 million shares YTD
  - Approximately 1 million shares remain under current program

(1) For a full description and reconciliation of Non-GAAP Measures see CP's Q3 2015 Earnings Release on www.cpr.ca

APPENDIX



SIGNIFICANT ITEMS

Significant items *favorable/(unfavorable)*	**Pre-tax impact** (millions)	**After-tax impact** (millions)	**EPS impact**	**Operating ratio impact**
FX translation on USD-denominated debt	($128)	($111)	($0.69)	-
Gain on sale of D&H South	$68	$42	$0.26	400 bp
Early redemption premium on restrictive notes	($47)	($35)	($0.22)	-

For a full description and reconciliation of the above significant items see the Reconciliation of Non-GAAP Measures in CP's Q3 2015 Earnings Release on www.cpr.ca

ADJUSTED RESULTS

(In millions, except percentages and per share data)	Third Quarter 2015	Third Quarter 2014	Third Quarter Reported Variance *Fav/(Unfav)*	Year to Date 2015	Year to Date 2014	Year to Date Reported Variance *Fav/(Unfav)*
Total revenues	$ 1,709	$1,670	2%	$ 5,025	$4,860	3%
Total adjusted operating expenses	1,024	1,049	2%	3,082	3,233	5%
Adjusted operating income	685	621	10%	1,943	1,627	19%
Other income and charges	(7)	1	800%	8	4	(100%)
Net interest expense	103	70	(47%)	272	209	(30%)
Income tax expense	162	150	(8%)	457	392	(17%)
Adjusted earnings	427	400	7%	1,206	1,022	18%
Adjusted EPS	**$2.69**	**$2.31**	**16%**	**$7.39**	**$5.82**	**27%**
Adjusted operating ratio	**59.9%**	**62.8%**	**290 bps**	**61.3%**	**66.6%**	**530 bps**

The following significant items have been excluded from the above Non-GAAP figures:

- Q3 2015: FX translation on USD-denominated debt ($128M loss before tax), gain on sale of D&H South ($68M gain before tax), and the early redemption premium ($47M loss before tax)
- YTD 2015: FX translation on USD-denominated debt ($182M loss before tax), discrete tax item due to change in Alberta tax rate ($23M), gain on sale of D&H South and early redemption premium (same amounts listed above)
- YTD 2014: Labour restructuring ($4M recovery before tax)

For a full description and reconciliation of Non-GAAP Measures see CP's Q3 2015 Earnings Release on www.cpr.ca

FX ADJUSTED VARIANCES

	Third Quarter				Year to Date			
	2015	2014	Reported Variance *Fav/(Unfav)*	FX Adj[1] Variance *Fav/(Unfav)*	2015	2014	Reported Variance *Fav/(Unfav)*	FX Adj[1] Variance *Fav/(Unfav)*
Canadian Grain	261	248	5%	-	772	721	7%	3%
U.S. Grain	148	127	17%	(5%)	391	348	12%	(4%)
Coal	163	150	9%	7%	490	463	6%	4%
Potash	82	70	17%	5%	281	251	12%	4%
Fertilizers & sulphur	62	55	13%	-	200	173	16%	6%
Forest products	66	52	27%	10%	184	152	21%	9%
Chemicals & plastics	173	160	8%	(7%)	522	462	13%	-
Crude	109	136	(20%)	(31%)	288	354	(19%)	(29%)
Metals, minerals & consumer products	173	190	(9%)	(22%)	492	521	(6%)	(16%)
Automotive	87	83	5%	(7%)	260	275	(5%)	(13%)
Domestic intermodal	189	202	(6%)	(9%)	575	579	(1%)	(3%)
International intermodal	154	156	(1%)	(8%)	452	446	1%	(4%)
Freight revenues	**$1,667**	**$1,629**	**2%**	**(8%)**	**$4,907**	**$4,745**	**3%**	**(4%)**
Compensation & benefits	352	347	(1%)	4%	1,038	1,034	-	4%
Fuel	162	249	35%	45%	542	793	32%	40%
Materials	47	47	-	4%	144	146	1%	4%
Equipment rents	42	36	(17%)	-	130	117	(11%)	1%
Depreciation	149	135	(10%)	(6%)	440	413	(7%)	(4%)
Purchased services & other	272	235	(16%)	(8%)	788	726	(9%)	(3%)
Gain on sale of Delaware & Hudson South	(68)	-	100%	100%	(68)	-	100%	100%
Total operating expenses	**$956**	**$1,049**	**9%**	**16%**	**$3,014**	**$3,229**	**7%**	**13%**
Total adjusted operating expenses[1]	**$1,024**	**$1,049**	**2%**	**10%**	**$3,082**	**$3,233**	**5%**	**11%**

(1) For a full description and reconciliation of Non-GAAP Measures see CP's Q3 2015 Earnings Release on www.cpr.ca