

Reconciliation of Net Income to Adjusted Return

| (in millions of Canadian dollars) | For the year ended December 31 | | | | |
|--|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Net income as reported | \$ 2,444 | \$ 2,440 | \$ 1,951 | \$ 2,405 | \$ 1,599 |
| Add: | | | | | |
| Net interest expense | 458 | 448 | 453 | 473 | 471 |
| Tax on interest ⁽¹⁾ | (113) | (112) | (112) | (126) | (124) |
| Significant items (pre-tax): | | | | | |
| Legal settlement charge | — | — | — | — | 25 |
| Insurance recovery of legal settlement | — | — | — | (10) | — |
| Charge on hedge roll and de-designation | — | — | — | 13 | — |
| Management transition recovery | — | — | — | (51) | — |
| Impact of FX translation (gain) loss on debt and lease liabilities | (14) | (94) | 168 | (186) | (79) |
| Tax on significant items ⁽²⁾ | 2 | 8 | (18) | 36 | 4 |
| Income tax rate changes | (29) | (88) | (21) | (541) | — |
| Provision for uncertain tax item | — | 24 | — | — | — |
| Adjusted return | \$ 2,748 | \$ 2,626 | \$ 2,421 | \$ 2,013 | \$ 1,896 |

⁽¹⁾ Tax was calculated at the adjusted annualized effective tax rate of 24.61%, 24.96%, 24.55%, 26.42%, and 26.20% for each of the above items for the years presented, respectively.

⁽²⁾ Tax was calculated as the pre-tax effect of the adjustments multiplied by the applicable tax rate of 13.58%, 8.55%, 10.64%, 15.27%, and 7.17% for each of the above items for the years presented, respectively. The applicable tax rates reflect the taxable jurisdictions and nature, being on account of capital or income, of the significant items.

Reconciliation of Average shareholders' equity to Adjusted average invested capital

| (in millions of Canadian dollars) | For the year ended December 31 | | | | |
|---|--------------------------------|------------------|------------------|------------------|------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Average shareholders' equity | \$ 7,194 | \$ 6,853 | \$ 6,537 | \$ 5,539 | \$ 4,711 |
| Average Long-term debt, including long-term debt maturing within one year | 9,264 | 8,726 | 8,427 | 8,422 | 8,821 |
| | \$ 16,458 | \$ 15,579 | \$ 14,964 | \$ 13,961 | \$ 13,532 |
| Less: | | | | | |
| Significant items (pre-tax): | | | | | |
| Legal settlement charge | — | — | — | — | (13) |
| Insurance recovery of legal settlement | — | — | — | 5 | — |
| Charge on hedge roll and de-designation | — | — | — | (7) | — |
| Management transition recovery | — | — | — | 26 | — |
| Tax on significant items ⁽¹⁾ | — | — | — | (5) | 4 |
| Income tax rate changes | 15 | 44 | 11 | 270 | — |
| Provision for uncertain tax item | — | (12) | — | — | — |
| Adjusted average invested capital | \$ 16,443 | \$ 15,547 | \$ 14,953 | \$ 13,672 | \$ 13,541 |

⁽¹⁾ Tax was calculated as the pre-tax effect of the adjustments multiplied by the applicable tax rate of 15.27% and 7.17% for 2017 and 2016, respectively. The applicable tax rates reflect the taxable jurisdictions and nature, being on account of capital or income, of the significant items.