



BUILT TO DRIVE GROWTH

Investor Day Presentation, October 4, 2018

TSX/NYSE: CP



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, including our 2018 full-year guidance, business prospects, planned capital expenditures, financing strategies, 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", "financial expectations", "key assumptions", "outlook", "guidance", 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 section of the press release on our website at investor.cpr.ca.

Although CP has provided in this presentation forward-looking adjusted net debt to adjusted EBITDA and adjusted return on invested capital ("adjusted ROIC"), which are non-GAAP measures, it is not practicable to provide reconciliations to forward-looking reported net income or long-term debt including long-term debt maturing within one year, the most comparable GAAP amounts used to calculate net debt to EBITDA, or ROIC, the most comparable ratio computed using GAAP amounts, due to unknown variables and uncertainty related to future results.

These unknown variables may include unpredicted transactions of significant value. In past years, CP has recognized significant asset impairment charges and management transition costs related to senior executives. These or other similar, large unforeseen transactions may affect net debt to EBITDA or ROIC but may be excluded from CP's adjusted net debt to adjusted EBITDA or adjusted ROIC.

Additionally, the Canadian-to-U.S. dollar exchange rate is unpredictable and can have a significant impact on CP's reported results but may be excluded from CP's adjusted EBITDA used to calculate adjusted net debt to adjusted EBITDA. In particular, CP's 2018 adjusted EBITDA used to calculate adjusted net debt to adjusted EBITDA excludes the FX impact of translating the Company's U.S. dollar denominated long-term debt.

KEITH CREEL

President & Chief Executive Officer



WE REBUILT THE ENGINE

IMPROVED OPERATING PERFORMANCE

Longer, faster trains
and less dwell time.

CULTURE OF ACCOUNTABILITY

Railroader attitude:
Do what you said you'll do.

INVESTED IN THE **NETWORK**

Upgraded to improve
performance and increase capacity.

LOWERED COST BASE

Unprecedented margin
improvement.

STREAMLINED **ASSETS**

Right-sized resources to
optimize our network.

DEVELOPED THE **TEAM**

Handpicked team.
Best in the business.

PRECISION RAILROADING

Precision planning and execution
to optimize service and control costs.

CONSISTENT, RELIABLE **SERVICE**

Leveraging our strengths to deliver
superior value to our customers.

NOW WE'RE DRIVING GROWTH

DIVERSIFIED

BOOK OF BUSINESS

Balanced portfolio of industries, regions and markets.

INCREASED CAPACITY

Efficiencies and network investments mean we have the ability to do more.

VALUE

DRIVEN

Disciplined approach to valuing our service. We won't commoditize ourselves.

RIGHT

CULTURE & TEAM

Accountable, collaborative, passionate team of railroaders.

RESILIENT

PERFORMANCE

Operating model performs in upturns and downturns.

POWERFUL FOOTPRINT

Strong network with shortest routes to major centers and ability to extend reach.

SERVICE INNOVATION

Supply chain collaboration to enhance our service offering.

DISCIPLINED

APPROACH

Pursuing the right customers in the right lanes to grow our business.

ROOM TO GROW



Locomotives available
for future growth



Yard and
terminal capacity



Network capacity
through longer sidings,
increased speed



Ability to further
increase train length



Surplus land gives
us optionality

VANCOUVER

UNMATCHED ABILITY TO EXPAND FOOTPRINT IN CANADA'S LARGEST TRADE GATEWAY

- Intermodal facility operating well below capacity
- CP owns >100 acres of vacant land adjacent to existing facility
- Provides optionality: ability to grow existing operations and provide customer solutions



CHICAGO

Schiller Park

- 75 acre site made surplus through consolidation of intermodal operations
- Potential to repurpose for growth opportunities or divest

Bensenville Yard

- Room to grow within existing footprint
- Tentative real estate agreement to add capacity, potential to build state-of-the-art intermodal facility

TORONTO

Vaughan Intermodal Facility

- 500 acre footprint, 150 acres vacant
- Ability to more than double operations with minimal capital
- Ability to co-locate with customers

Agincourt Yard

75 acres

Wolverton Yard

520 acres

CP mainline

MORE ROOM TO GROW

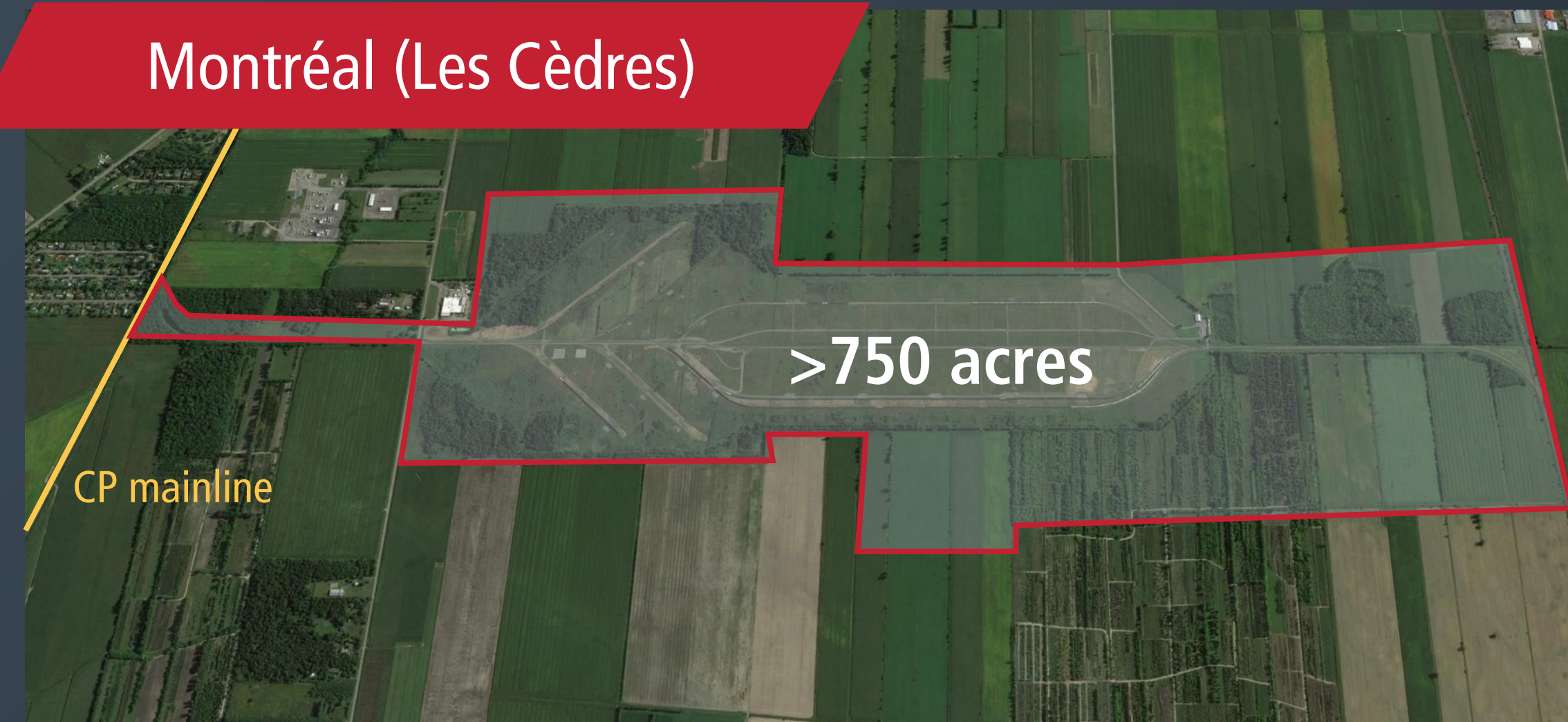
Calgary (Alyth Yard)



Edmonton (Ellerslie)



Montréal (Les Cèdres)



JOHN BROOKS

Chief Marketing Officer



UNIQUELY BUILT TO
DRIVE SUSTAINABLE,
PROFITABLE **GROWTH**

EVOLUTION

PEOPLE

THE PLAYBOOKS

TOTAL TRANSPORTATION PRODUCT

ROOM TO GROW

DRAMATIC EVOLUTION OF SALES & MARKETING



RIGHT PEOPLE, RIGHT CULTURE

High-performance
sales culture, built
and incented to
deliver sustainable,
profitable growth

Culture
of market innovators,
collaborators and
strategists, driven
to deliver value

Realignment
of our business units
to narrow our focus
and drive quicker
execution of our
market strategies

Collaboration
across departments to
sell strategically and
grow responsibly

COLLABORATING TO SELL STRATEGICALLY

SALES &
MARKETING



MARKET
STRATEGY
& ASSET
MANAGEMENT



FINANCE



OPERATIONS

HYUNDAI
GLOVIS

CP

CREATING THE **PLAYBOOKS**

Our **playbooks** define the market strategies for driving sustainable, profitable growth

- How we identify our partners — who best fits our franchise
- Where to sell — leverage our franchise strengths
- Optimize assets — trains, equipment, capacity



A TOTAL TRANSPORTATION PRODUCT



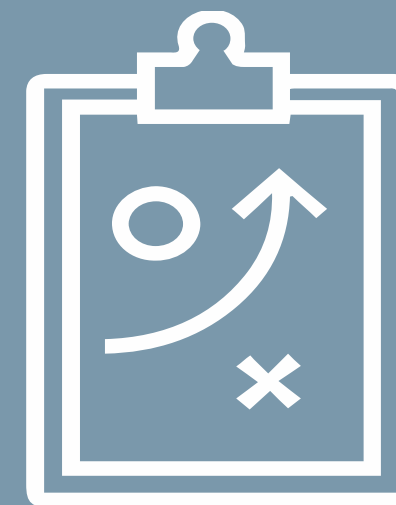
Industry-leading service

founded in precision railroading



Network development

to provide greater reach and optionality



Enhanced product offering

more than just service from A to B



Improved customer experience

with greater ease of doing business



Leveraging information systems

to drive supply chain efficiency and transparency



CONFIDENCE TO GROW WITH OUR CUSTOMERS

Network Capacity

- Generated through operational efficiencies and network investments
- Enables growth at low incremental cost and minimal capital investment

Footprint Capacity

- Surplus capacity at major yards and terminals
- Attracts customer development, makes business sticky to CP

A STRONG PLATFORM FOR GROWTH



The background of the slide is a photograph of a shipping yard. In the foreground, a red forklift is partially visible, with its mast and forks extending towards a stack of red shipping containers. The containers are stacked in several rows, with the 'CP' logo prominently displayed on the side of the containers in the middle ground. The containers have white text and markings, including 'TOP LIFT ONLY' and various identification numbers. The overall scene is industrial and brightly lit, suggesting a sunny day. A large, semi-transparent dark blue triangle is overlaid on the left side of the image, containing the name 'JONATHAN WAHBA' in white text.

JONATHAN WAHBA

Vice President, Sales & Marketing
Intermodal & Automotive

INTERMODAL AND AUTOMOTIVE

- Strong track record in Domestic intermodal
- Revamped product in International intermodal
- Early stages of our Automotive playbook
- Room to grow – ports, inland terminals, network, equipment



INTERMODAL & AUTOMOTIVE ROOM TO GROW



PORT EXPANSIONS

GCT Deltaport (Vancouver) expanding rail capacity by 50%
Centerm (Vancouver) announced plans to expand by 66%



NETWORK

Turnaround generated network throughput capacity
Extended sidings enable longer trains



EQUIPMENT

Newest fleet of gensets with state-of-the-art telematics
One of the largest fleets of temp-controlled containers



INLAND TERMINALS

Surplus capacity ~20% within existing terminals
Ability to expand existing footprints

VAUGHAN INTERMODAL FACILITY (TORONTO)

An aerial photograph of the Vaughan Intermodal Facility in Toronto. The facility features extensive rail tracks, numerous shipping containers, and a large area of vacant land outlined in red. The surrounding area includes agricultural fields and some industrial buildings.

CP'S ABILITY TO EXPAND IN TORONTO IS UNPARALLELED

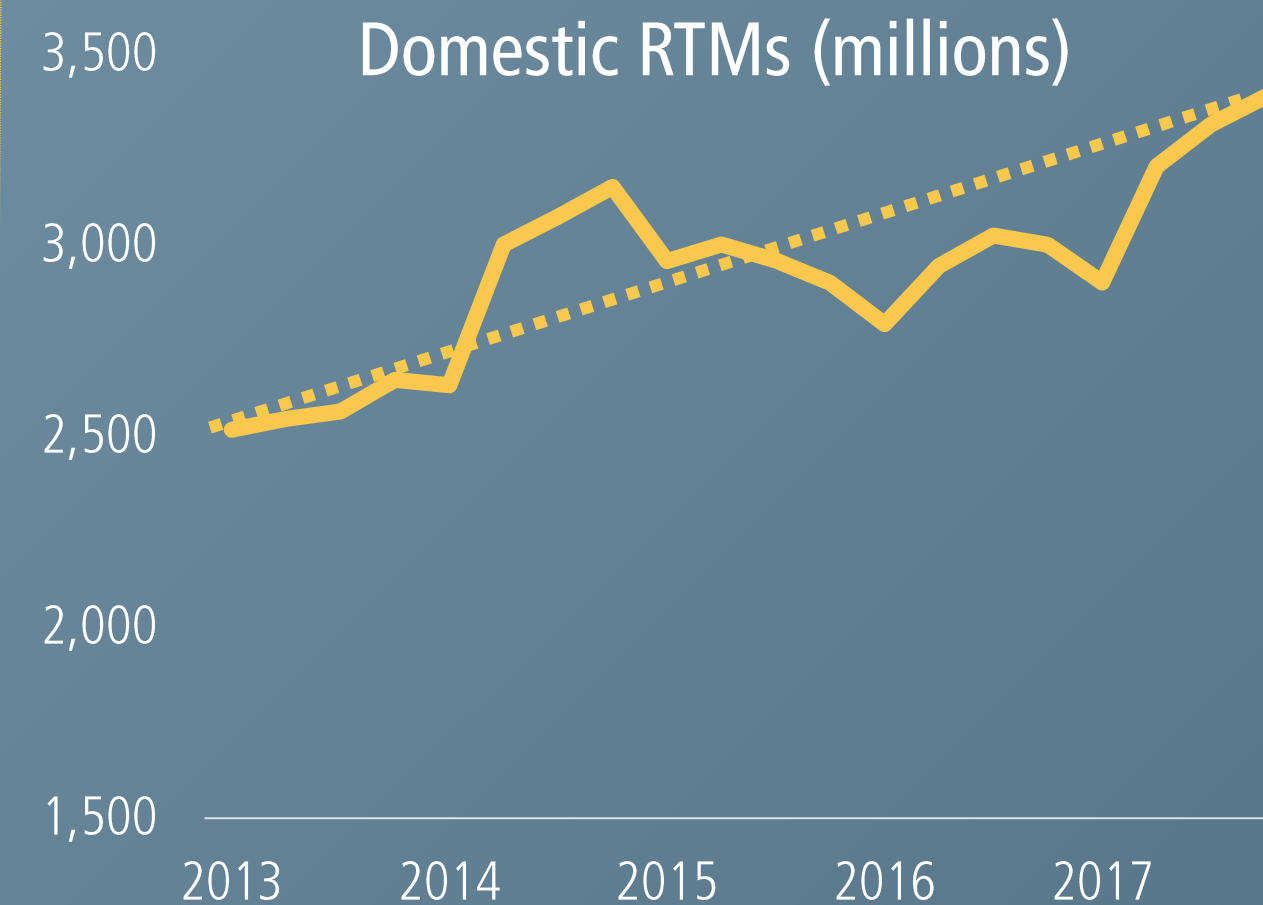
- 500 acre footprint, 150 acres vacant
- Ability to more than double operations with minimal capital
- Ability to co-locate with customers

DOMESTIC INTERMODAL PLAYBOOK

LEVERAGING OUR NETWORK STRENGTHS AND BEST-IN-CLASS SERVICE

- Flagship transcontinental service
- E-commerce driving growth in courier
- Industry leader in retail
- Strong growth in temperature-controlled service
- Customer co-location makes business sticky

6% VOLUME CAGR
SINCE 2013



Courier

TempPro

Retail

Co-location

INTERMODAL DEMAND MANAGEMENT

USING INNOVATION TO CREATE CAPACITY

- Intermodal demand peaks Wed-Fri
- Consistent train sizes = asset utilization and network balance
- Developed in-house Demand Management program
- Smoothed demand by moving volumes to off-peak days

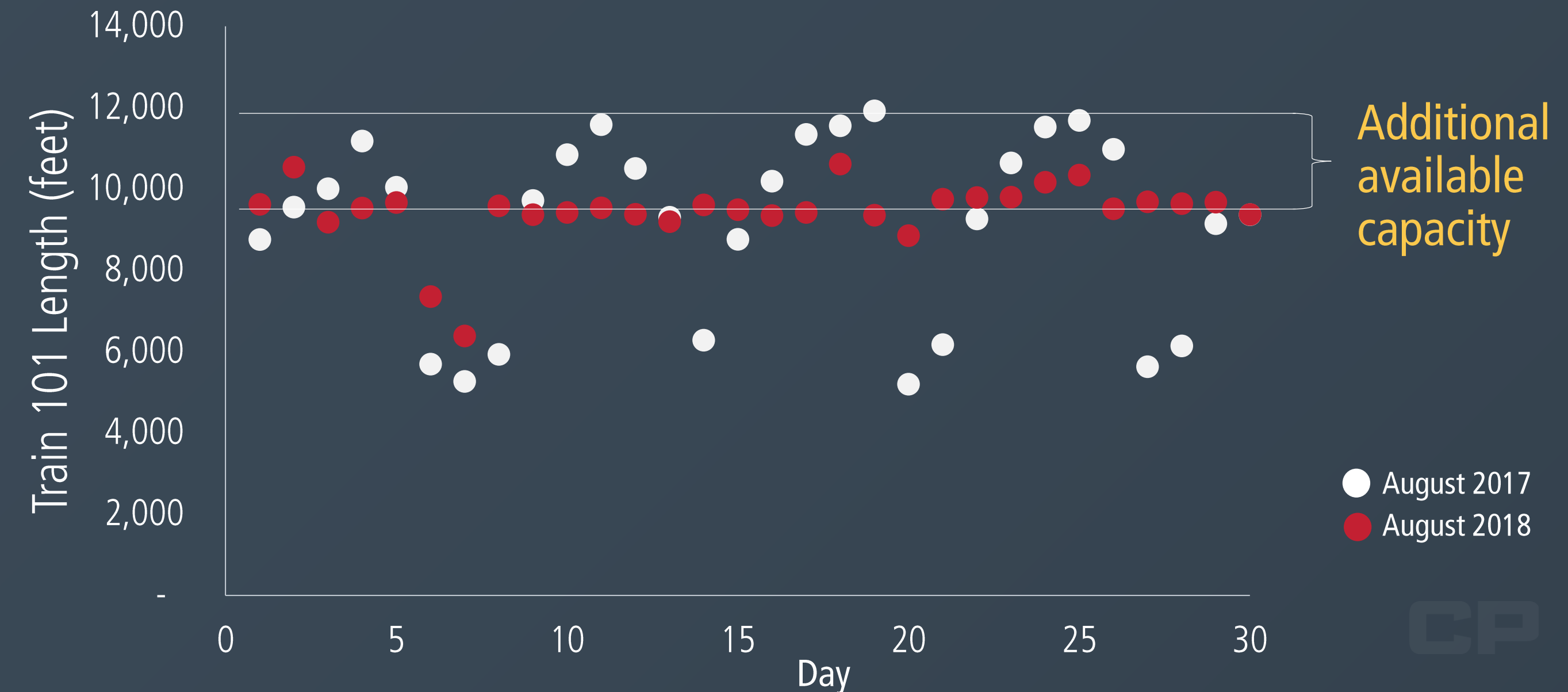


Customers provide
Requested Arrival
Dates (RADs)



Custom in-house
technology optimizes
train operations based
on RADs

REDUCED TRAIN SIZE VARIABILITY, SUBSTANTIAL CAPACITY CREATED



GREATER REACH

DETROIT SERVICE

UP TO 48 HOURS FASTER

- Daily service, up to 48 hours faster than competitors
- Ability to expand Detroit terminal for future growth

OHIO VALLEY

NEW MARKET

- Connection with G&W to extend reach to Jeffersonville, OH
- Import auto parts from Asia, backhaul export grain

VANCOUVER

DETROIT

OHIO VALLEY

**INTERNATIONAL
INTERMODAL PLAYBOOK**

INTERNATIONAL INTERMODAL PLAYBOOK

ENHANCED PRODUCT



INTERNATIONAL INTERMODAL PLAYBOOK

ENHANCED PRODUCT



CP FastPass



INTERNATIONAL INTERMODAL PLAYBOOK

ENHANCED PRODUCT



PORTAL LIVE LIFT

INTERNATIONAL INTERMODAL PLAYBOOK

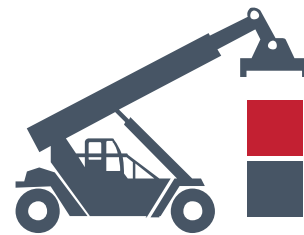
ENHANCED PRODUCT



CP TempPro



CP FastPass



PORTAL LIVE LIFT



ASIA OFFICE

INTERNATIONAL INTERMODAL PLAYBOOK

ENHANCED PRODUCT



CP TempPro



CP FastPass



PORTAL LIVE LIFT



ASIA OFFICE



VANCOUVER
TRANSLOAD

INTERNATIONAL INTERMODAL PLAYBOOK

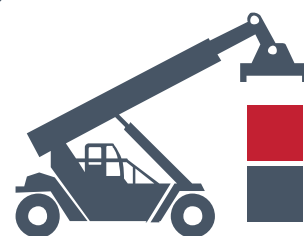
ENHANCED PRODUCT



CP TempPro



CP FastPass



PORTAL LIVE LIFT



ASIA OFFICE



**VANCOUVER
TRANSLOAD**



INTERNATIONAL MARKET 2019 AND BEYOND

- Existing CP customers secured through 2020+
- Contracts up for bid in 2019 and beyond worth \$600 million
- Pursuing business that fits well with our network, leverages our strengths

CP



AVAILABLE
MARKET



THE AUTOMOTIVE INDUSTRY'S CHALLENGE



AUTOMOTIVE PLAYBOOK

- De-marketed business that did not align with precision railroading
- Early stages of our Automotive playbook
 - New team in place
 - Building customer relationships
 - Seeking partners who best match our franchise strengths
- Early wins in the market e.g. Glovis

New Vancouver Automotive Compound

- Built on CP-owned land, minimal capital required
- Superior service offering for imports



AUTOMOTIVE MARKET 2019 AND BEYOND

- Existing CP customers secured through 2020+
- Contracts up for bid in 2019 and beyond worth \$400 million
- New business with Glovis starting in 2020
- Same disciplined approach – pursuing partners who fit well with our franchise
- Industry-leading service – awarded best North American rail service provider by Honda

CP



TOYOTA

HYUNDAI
GLOVIS



HONDA

AVAILABLE
MARKET



Volkswagen



FCA

FIAT CHRYSLER AUTOMOBILES

CP

INTERMODAL & AUTOMOTIVE

- Strong track record in Domestic intermodal
- Superior product in International intermodal
- Early stages of our Automotive playbook, already seeing wins



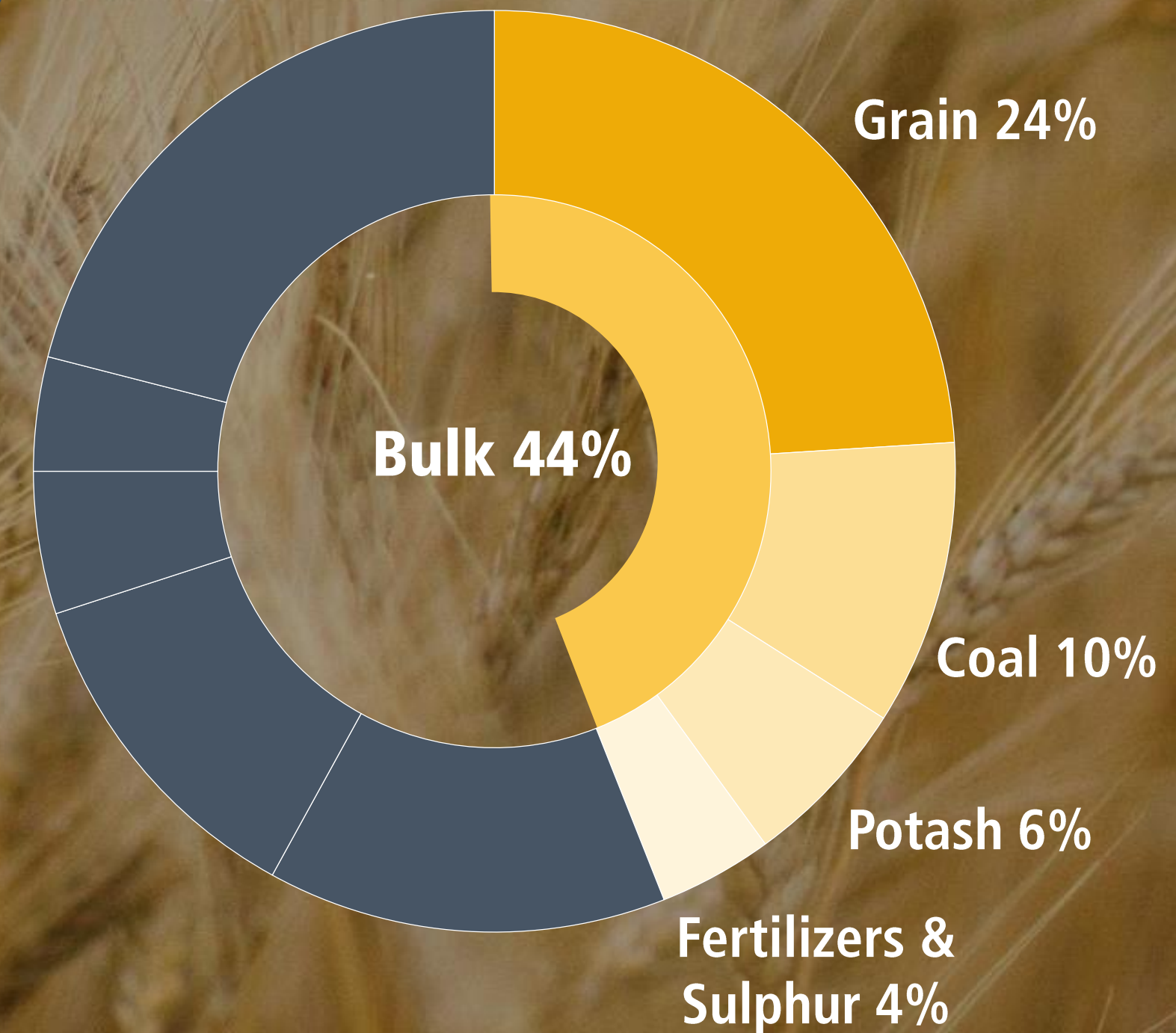
JOAN HARDY

Vice President, Sales & Marketing
Grain & Fertilizers

GRAIN & FERTILIZERS

GRAIN IS CP'S LARGEST LINE OF BUSINESS

- Partnerships with grain companies attract elevator investments to CP's network
- Industry-leading service keeps grain flowing to CP-served elevators
- Diverse commodities and large origination networks in both Canada and U.S.



THE GRAIN INDUSTRY IS GROWING

- North American crop production steadily increasing through higher yields
- Global grain demand increasing with population growth and dietary trends
- Demand from Asia growing exports through West Coast
 - West Coast Canadian grain exports have increased by 40% over past 5 years

2.5% Western Canadian Crop
Production CAGR since 1998

Western Canadian Grain Crop Production
(millions of tonnes)



STRONG ORIGINATION NETWORK

GRAIN ELEVATORS HAVE EVOLVED

- Industry has moved to high-throughput elevators
- 145 elevators load 85% of Western Canadian grain
- Grain companies have invested \$1.5B in elevator infrastructure over past 5 years
- New elevators are being built to CP's 8,500-foot model

>53% OF WESTERN CANADIAN GRAIN
ELEVATOR CAPACITY IS ON CP

**High-Throughput
Grain Elevators on CP**

**9 new elevators expected by 2021
40+ elevator expansions expected**

- Existing elevator
- Recently completed elevator

EXPANDING PORT TERMINALS

- Grain terminal investments in Vancouver have nearly doubled capacity over the past 5 years
- \$1.3 billion in Vancouver port infrastructure investment to increase capacity
 - Expansions at existing terminals
 - New terminals from G3 and P&H
- Still more throughput capacity to be realized

Vancouver Grain Terminal Expansions



THE GRAIN PLAYBOOK

CP'S 8,500-FOOT HIGH EFFICIENCY PRODUCT (HEP)



20% more grain
per train vs. current
7,000-foot trains



**Minimal track
investment**, sidings
already extended



Creates **more
network
throughput** capacity



Better **crew and
locomotive**
utilization



With new hoppers,
>40% more grain
per train

ELEVATORS **BUILT FOR** CP 8,500-FOOT TRAINS

- New loop track elevators capable of loading 8,500-foot trains in 16 hours
- CP's power-on model keeps entire train intact for faster loading and departure
- Efficiency gains for both grain shippers and CP
- Existing elevators also expanding to load 8,500-foot trains



CP IS INVESTING IN GROWING GRAIN

CP'S \$500 MILLION INVESTMENT IN NEW HIGH-CAPACITY GRAIN HOPPERS

- Substantial benefits for CP, customers, farmers, and supply chain partners
- **Capacity** – bigger and shorter, more grain per train
- **Efficiency** – allow for faster loading and unloading
- **Reliability** – more reliable, lower maintenance

MORE GRAIN PER CAR



93 tonnes
of wheat



102 tonnes
of wheat

10%
by
weight

20%
by
volume

MORE CARS PER TRAIN



59 feet



56 feet

5%
Shorter

MORE GRAIN PER TRAIN

15%
Increase

on today's 7,000-foot
dedicated train model

THE FUTURE OF GRAIN TRANSPORTATION



TODAY

Low-capacity
hoppers

7,000-foot train

10,400 tonnes of
wheat per train

**15% more
grain per train**



NEW HOPPERS

High-capacity
hoppers

7,000-foot train

12,000 tonnes of
wheat per train

**25% more
grain per train**



FUTURE

High-capacity
hoppers

8,500-foot train

15,000 tonnes of
wheat per train

**>40% more
grain per train**

INDUSTRY LEADER IN COAL

- CP moves 85% of Canadian export metallurgical coal
- Direct access to mines in southeastern B.C.
- Shortest route to Vancouver export terminals
- Collaboration with mines and ports to operate a world-class supply chain
- Focus on ongoing operational improvements

>20%

**Cycle time improvement
since 2012**



**Remote loading systems at
mines for faster loading**



INDUSTRY LEADER IN POTASH

- CP ships 70% of potash moving in North America
- Direct access to all mines
- Shortest routes to West Coast export terminals
- Highly efficient train operations; exploring opportunities for further efficiencies

Export potash train length (Vancouver)





GRAIN & FERTILIZERS

- The grain industry is growing
- CP is driving the future of grain transportation
- CP will remain a transportation leader in export coal and potash

COBY BULLARD

Vice President, Sales & Marketing
ECP & Merchandise



ECP & MERCHANDISE

PRECISION SCHEDULED RAILROADING NEEDS PRECISION MARKETING

- Broad and diversified portfolio; unique playbooks for each market
- Early stages of executing playbooks in Merchandise
- Strong, sustainable growth in Energy, Chemicals & Plastics (ECP)



MERCHANDISE

EARLY INNINGS OF MERCHANDISE PLAYBOOK, TREMENDOUS GROWTH OPPORTUNITIES

What we need in order to grow:

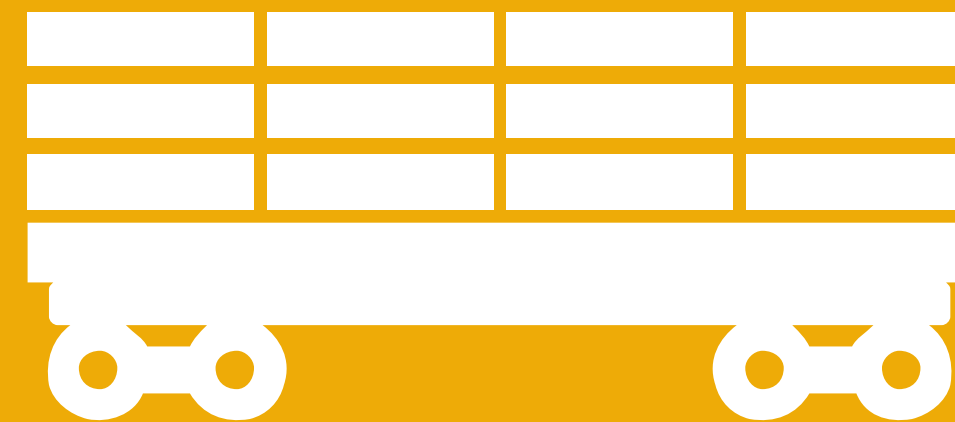
- ✓ Best-in-class service that delivers superior value to customers
- ✓ Low cost base that allows us to participate in competitive markets
- ✓ Access to low-cost capacity
- ✓ Build relationships, earn customers' trust

MERCHANDISE PLAYBOOK



Maximizing Our Existing Franchise

Focus on business that fits naturally on CP



Optimizing Equipment

Better equipment allocation, securing customer commitments

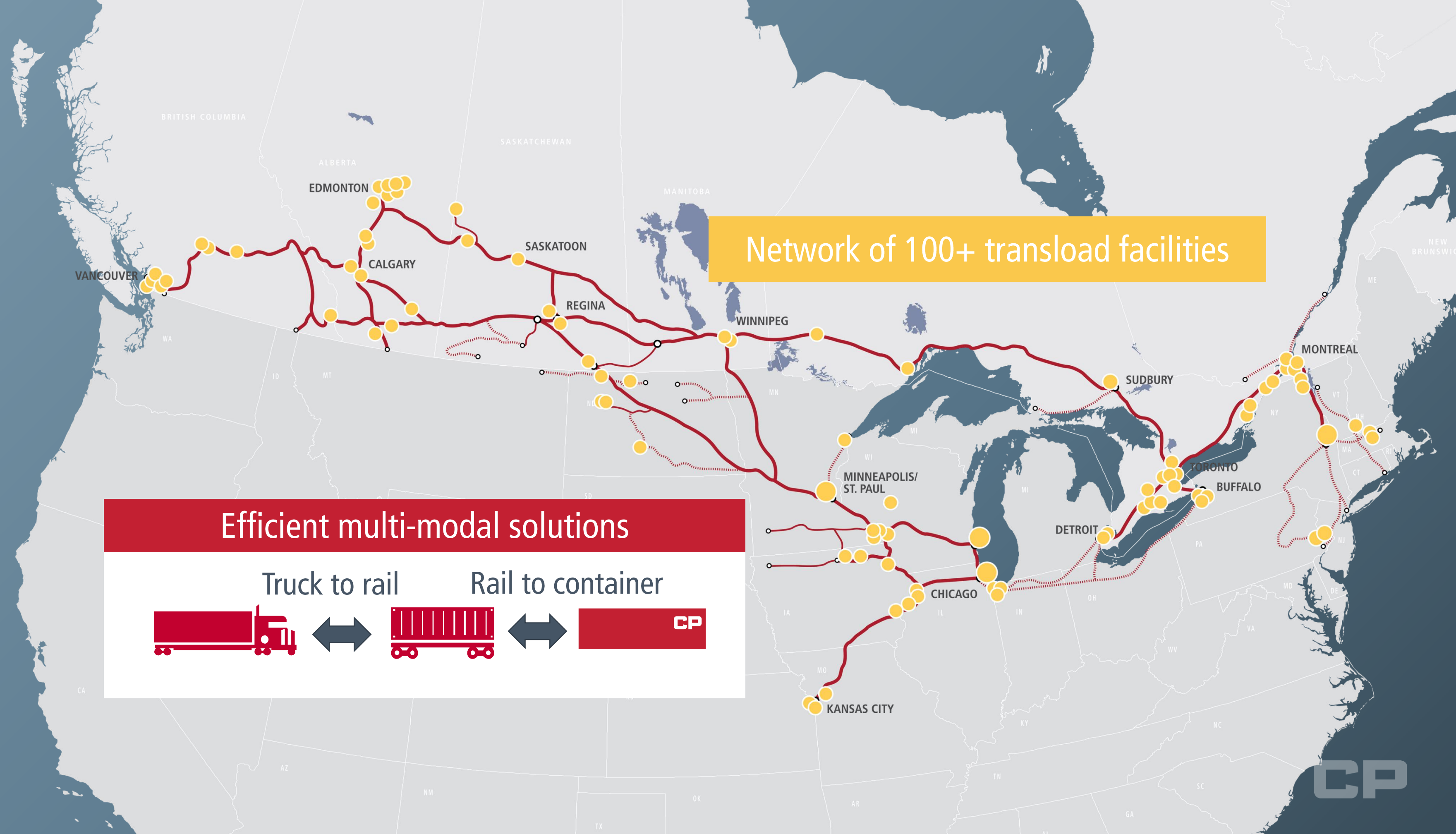


Extending Our Reach

Through short line connections and transload facilities

EXTENDING OUR REACH

- Transloads create efficient multi-modal logistics solutions
- More than bringing business to the rail - connecting supply chains to access new markets
- Leveraging transload facilities and existing footprint to grow



TRANSCARE LOGISTICS

TRANSCARE HAMILTON

- CP acquired Steelcare Inc. and created Transcare Logistics, a wholly-owned subsidiary of CP
 - Largest, most efficient steel transload in Canada
- Expanded existing facility
- Brought on new business with Georgia Pacific
- Room to expand with other commodities



ROOM TO GROW

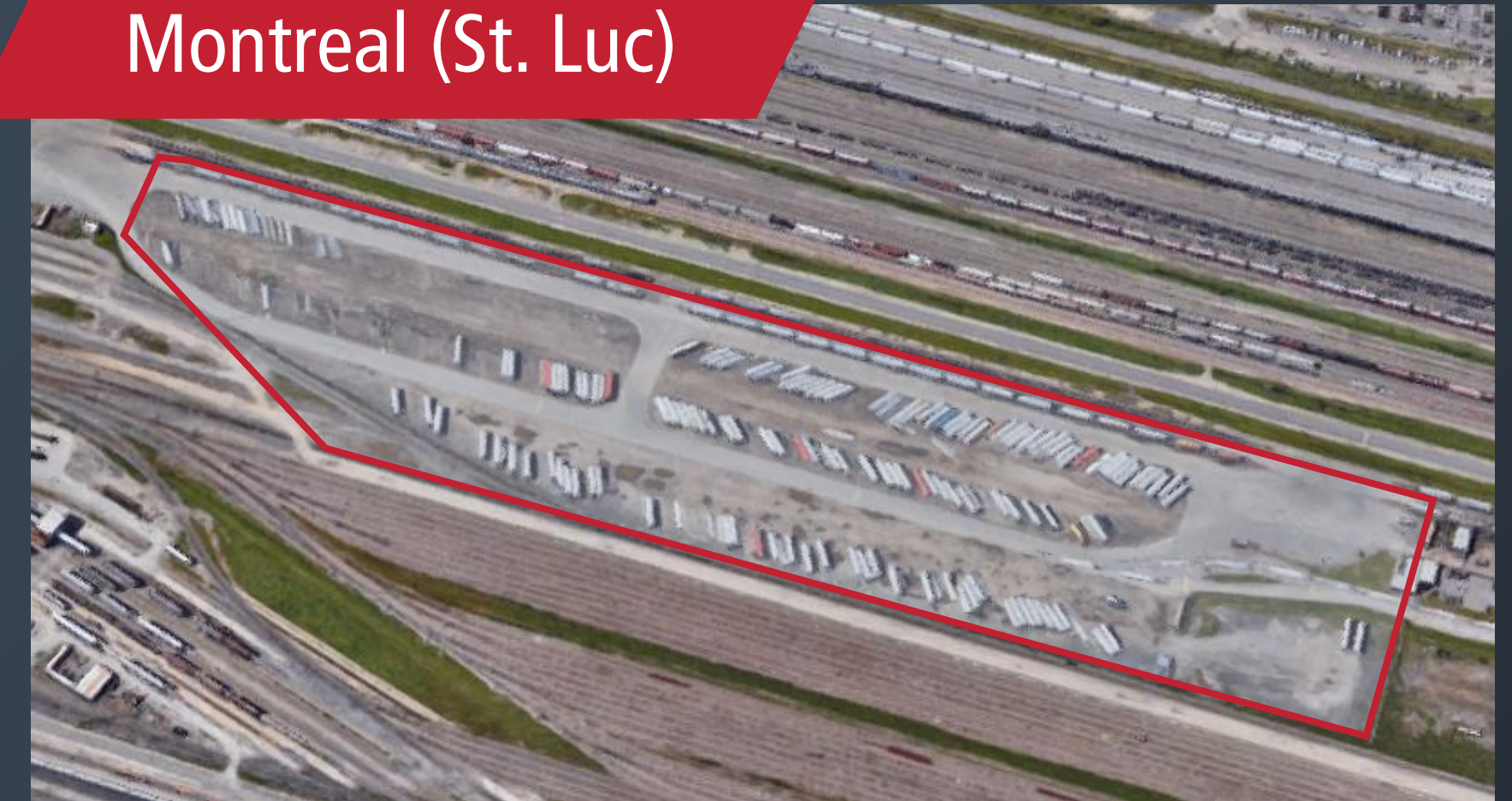
LEVERAGING OUR FOOTPRINT TO CREATE UNIQUE GROWTH OPPORTUNITIES

- Recently de-marketed low-margin Expressway intermodal business
- Freed up valuable real estate in two of Canada's largest population centers
- Direct access to highways
- Unique opportunities to create multi-commodity logistics centers

Toronto (Milton)



Montreal (St. Luc)



SHORT LINE CONNECTIONS

COLLABORATING WITH SHORT LINE AND REGIONAL RAILROADS TO EXTEND OUR REACH

- Short line connections are crucial to CP's merchandise business
 - 59% of merchandise business touches a short line railroad
 - Short line business has grown 23% this year
- Recent short line and regional railroad conference
 - 39 railroads represented by 100 attendees
 - Identified opportunities, strengthened relationships



EXTENDING OUR REACH

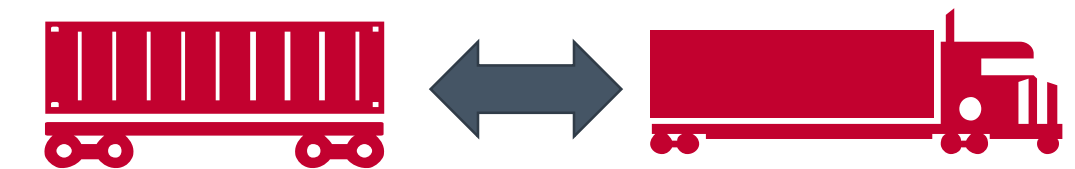
INDIANA MARKET – TYING IT ALL TOGETHER

- Connection with Indiana Railroad (INRD) extends CP's reach
- Indianapolis is the 12th largest city in the U.S. and a single day's truck haul to 80% of the country
- Indianapolis transload facility provides multi-product handling and easy truck access to interstate highways
 - 15 acre facility scalable to 30 acres

EXTENDED
REACH THROUGH
SHORTLINE CONNECTION

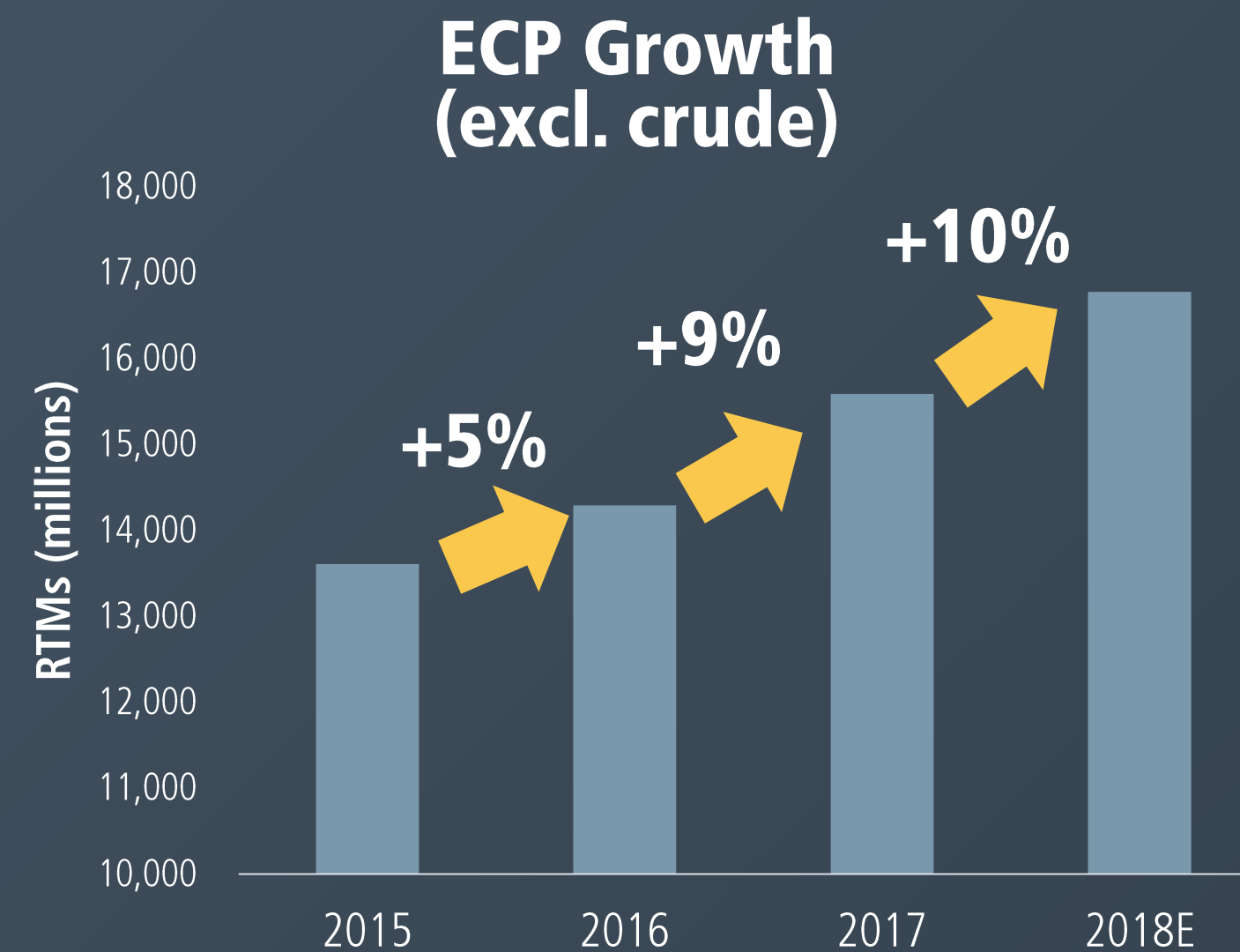


TRANSLOADS PROVIDE ACCESS
TO MARKETS NOT SERVED BY RAIL



STRONG GROWTH IN ECP

- High margin traffic, growth at low incremental cost
- Direct access to key domestic and export markets
- Alberta Industrial Heartland near Edmonton driving growth in refined fuels, LPG, chemicals, plastics
- Winning business on value of service



ALBERTA INDUSTRIAL HEARTLAND

- Billions of dollars being invested by public and private sector
- Growth is sustainable and diversified
- CP land holdings provide strategic access to new developments
- Uniquely positioned to grow: enhancing our service, pursuing ideal partners



ENHANCING OUR SERVICE

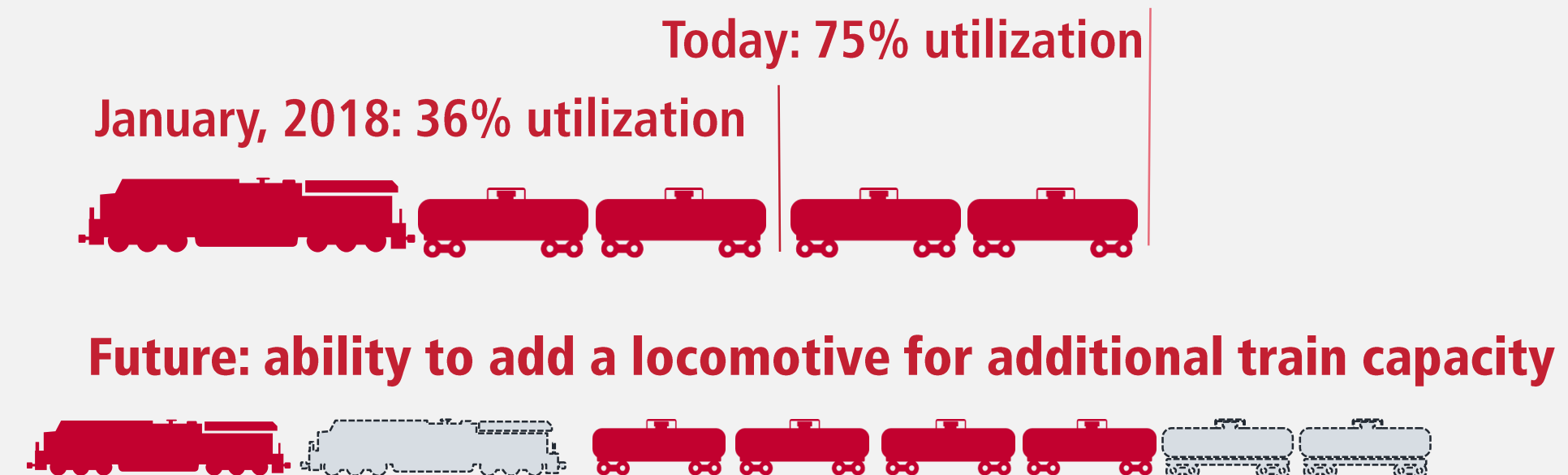
THE ENERGY TRAIN

- Collaborated with operations to create a total transportation product for energy and chemicals
- Growth opportunities in LPG, refined products, chemicals
- Better asset utilization, higher margins
- Winning business on service, not price

FASTEST SERVICE BETWEEN EDMONTON AND VANCOUVER



RAPID GROWTH, ROOM TO EXPAND

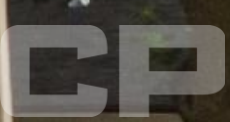


ECP & MERCHANDISE

- Broad and diversified portfolio with unique playbooks for each market
- Early stages of executing playbooks in Merchandise with substantial growth opportunities
- ECP playbooks in mid-innings with strong, sustainable growth

JOHN BROOKS

Chief Marketing Officer



CP IS UNIQUELY BUILT TO DRIVE **SUSTAINABLE, PROFITABLE GROWTH**

Industry leading
team

Foundation in
precision scheduled
railroading

Room to grow

Robust pipeline of
growth initiatives

Strong and
diversified book of
business

MID-SINGLE DIGIT RTM GROWTH
2018-2020

NADEEM VELANI

Chief Financial Officer



AN EXCITING FUTURE AHEAD

DRIVING **GROWTH**, GENERATING SIGNIFICANT **VALUE**

Industry leading team, unique culture

Driving sustainable, profitable growth

Controlling costs, improving margins

Disciplined capital investments

Generating significant shareholder value

GROWING AT A LOW INCREMENTAL COST

**FURTHER
OPPORTUNITIES
FOR MARGIN
IMPROVEMENTS**

Strategic investments

Longer, heavier trains

Increased asset velocity

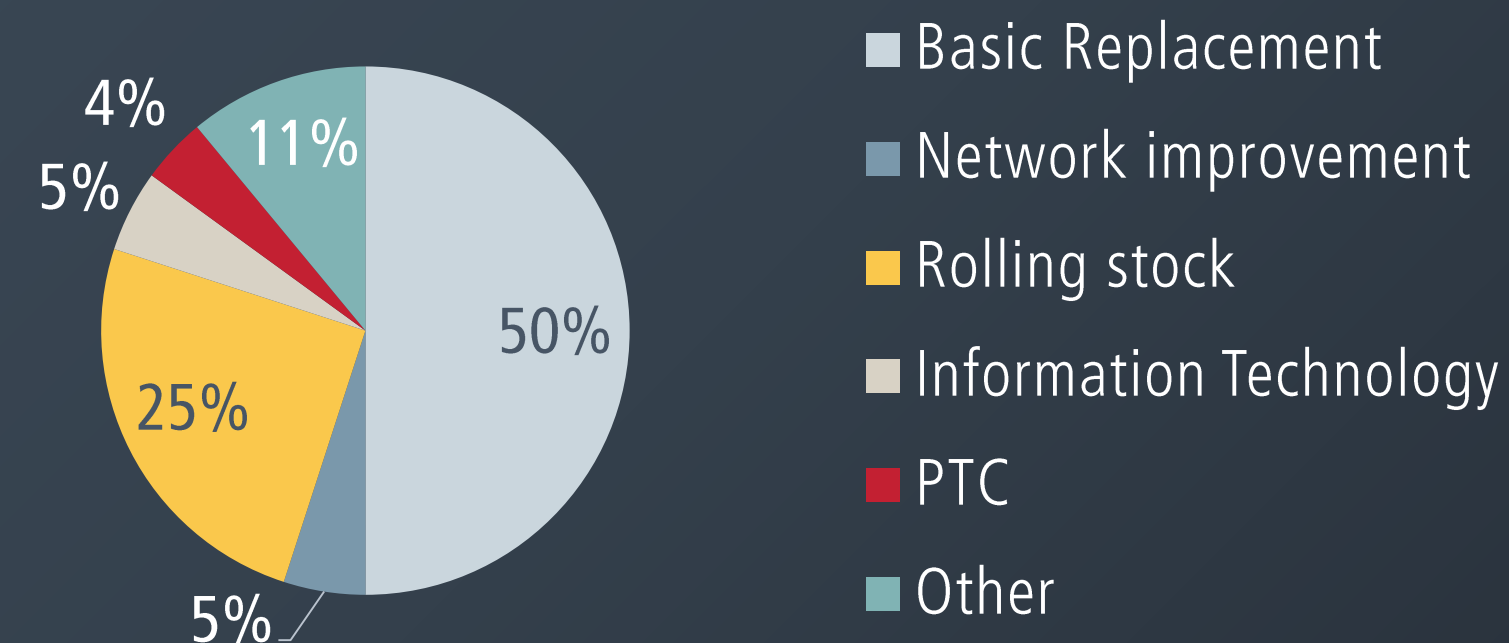
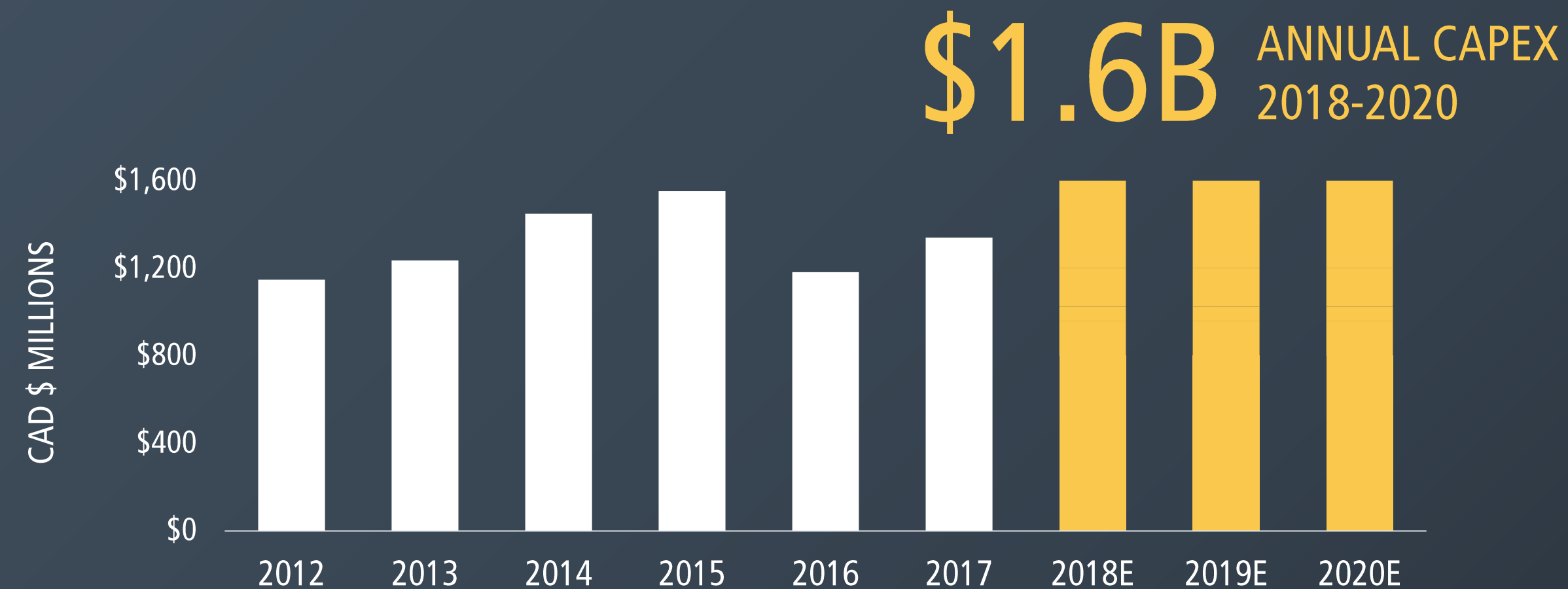
Improved fuel efficiency

Leveraging labor agreements

Strong pricing environment

REINVESTING IN THE BUSINESS

- A proactive, disciplined approach to capital deployment
 - Ability to adapt quickly to changing market conditions
- Management aligned with shareholder interests
 - Long term compensation tied to ROIC



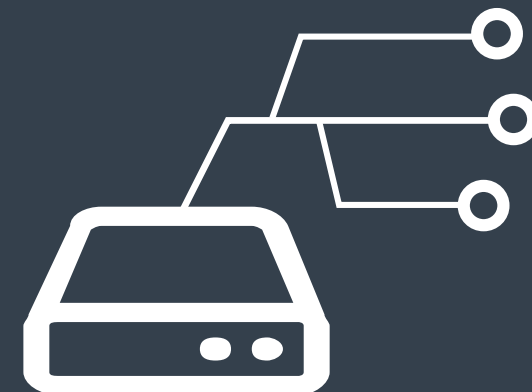
STRONG PIPELINE OF HIGH RETURN PROJECTS



**Network
Enhancements**
Increasing fluidity
and capacity



**Industrial
Development**
Enhancing efficiency
and accessibility



**IT Equipment &
Infrastructure**
Improving customer
experience and
information availability



**Locomotive
Modernization**
Leveraging existing assets,
improving reliability



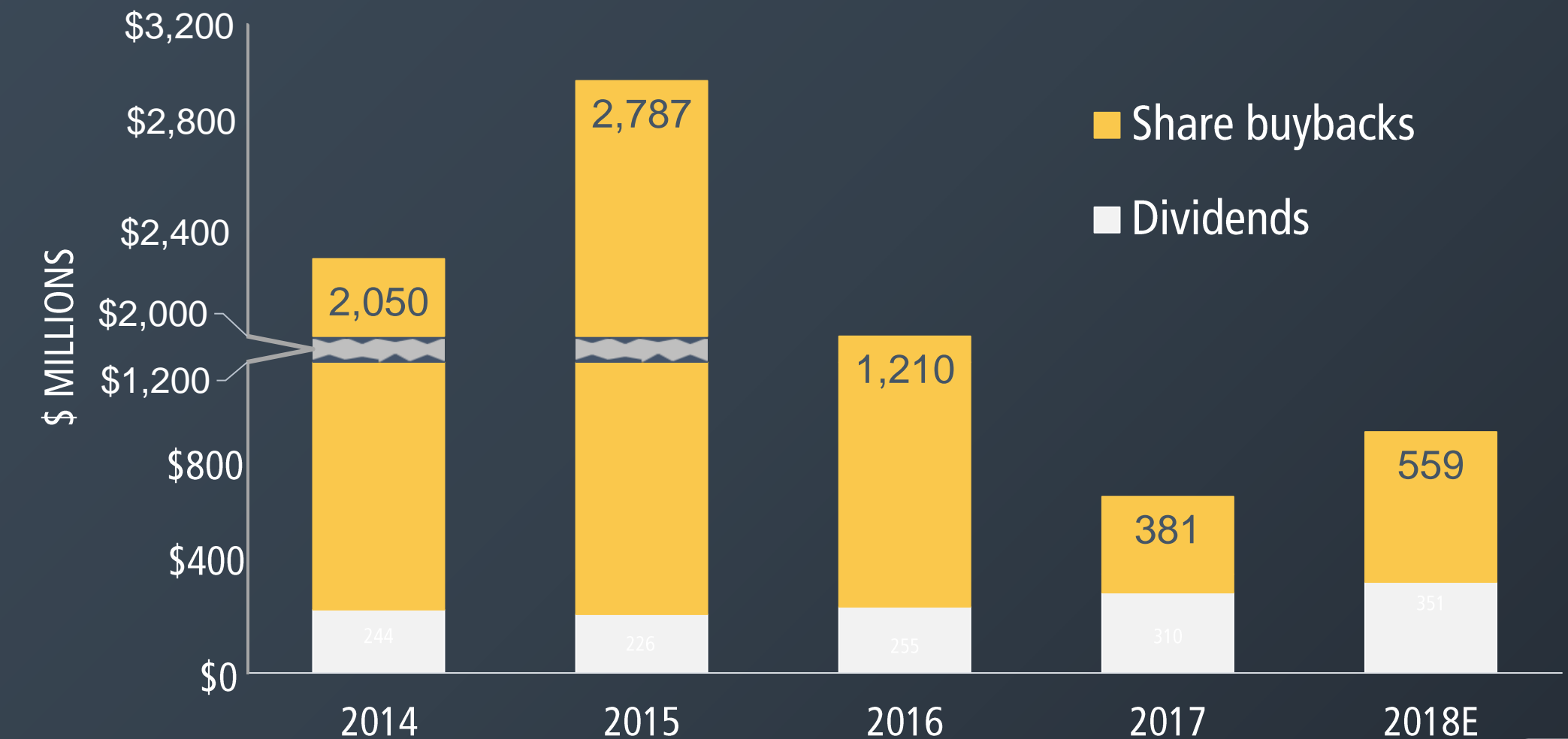
**High Capacity
Grain Hoppers**
Increasing capacity,
reducing operating costs

REWARDING SHAREHOLDERS

OPPORTUNISTIC APPROACH TO SHAREHOLDER RETURNS

- \$7.0B shares repurchased
 - 35 million shares
 - Average price of \$200 per share
 - Targeting ~3% annual repurchases
- \$1.4B in dividends
 - 86% increase in dividend/share since 2015
 - Dividend increases 3 consecutive years
 - Targeting 25-30% payout ratio longer term

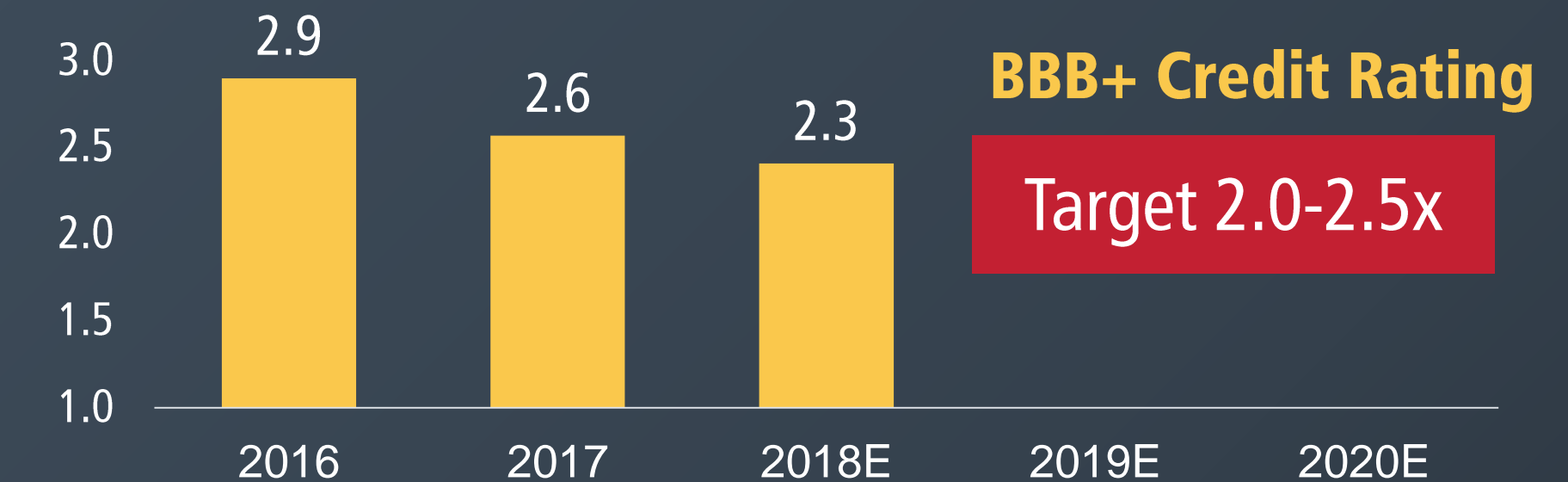
\$8.4B
RETURNED TO
SHAREHOLDERS
2014-2018E



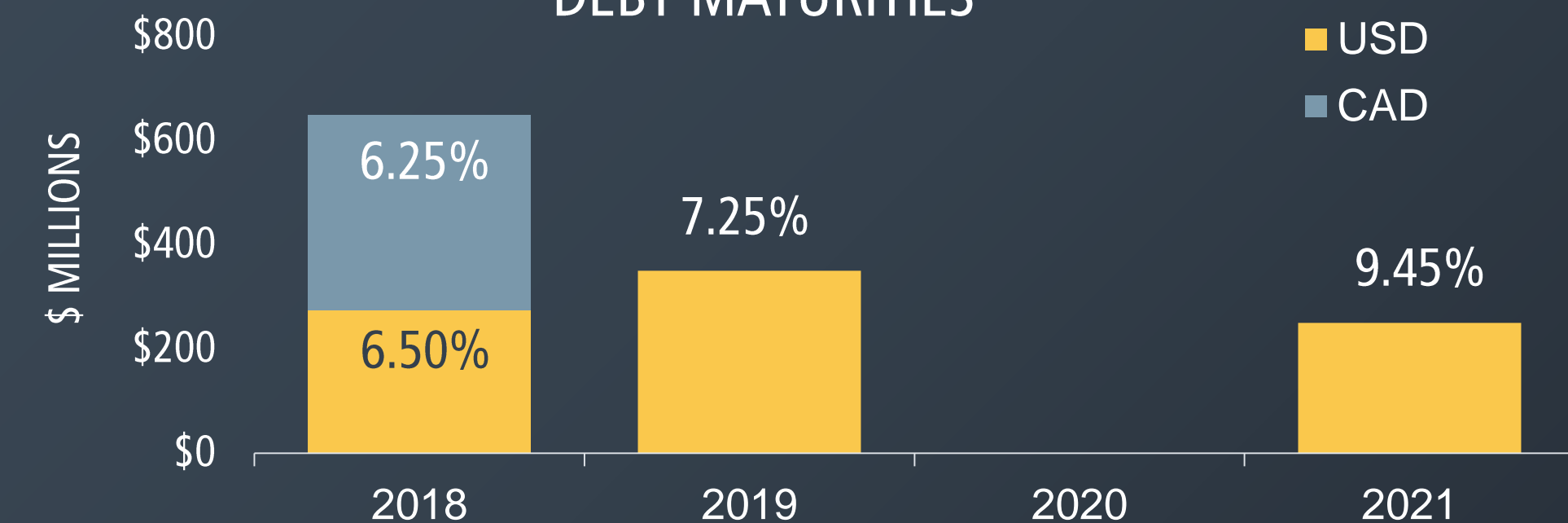
MAINTAINING A STRONG BALANCE SHEET

- Proactively managing capital structure
 - Expect to achieve target leverage range by year-end
 - 2018 refinancing generated interest savings >\$20M
- Manageable debt maturity profile
- Refinancing high coupon bonds will provide opportunity for further interest savings

ADJUSTED NET DEBT / ADJUSTED EBITDA⁽¹⁾



DEBT MATURITIES

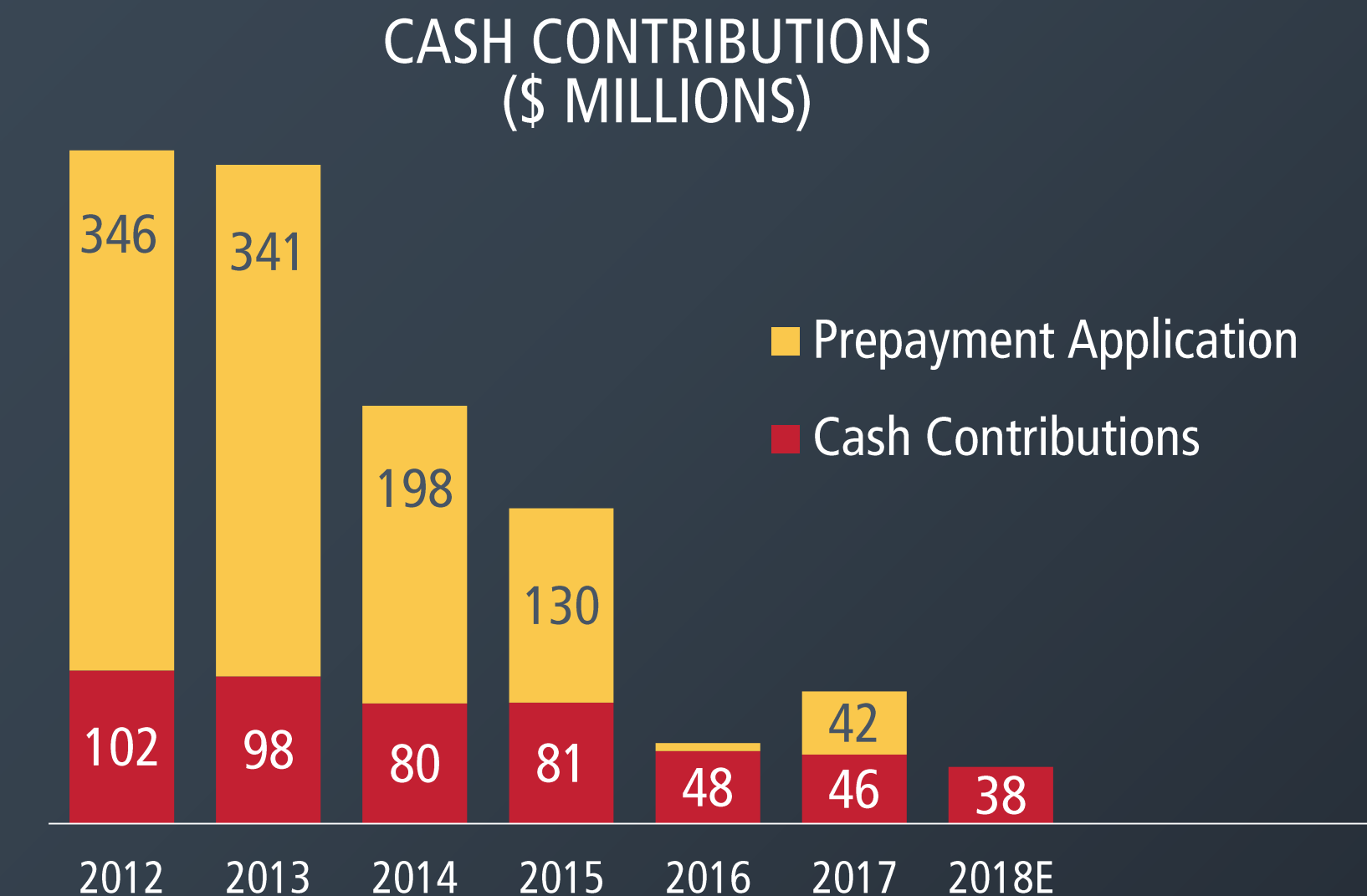
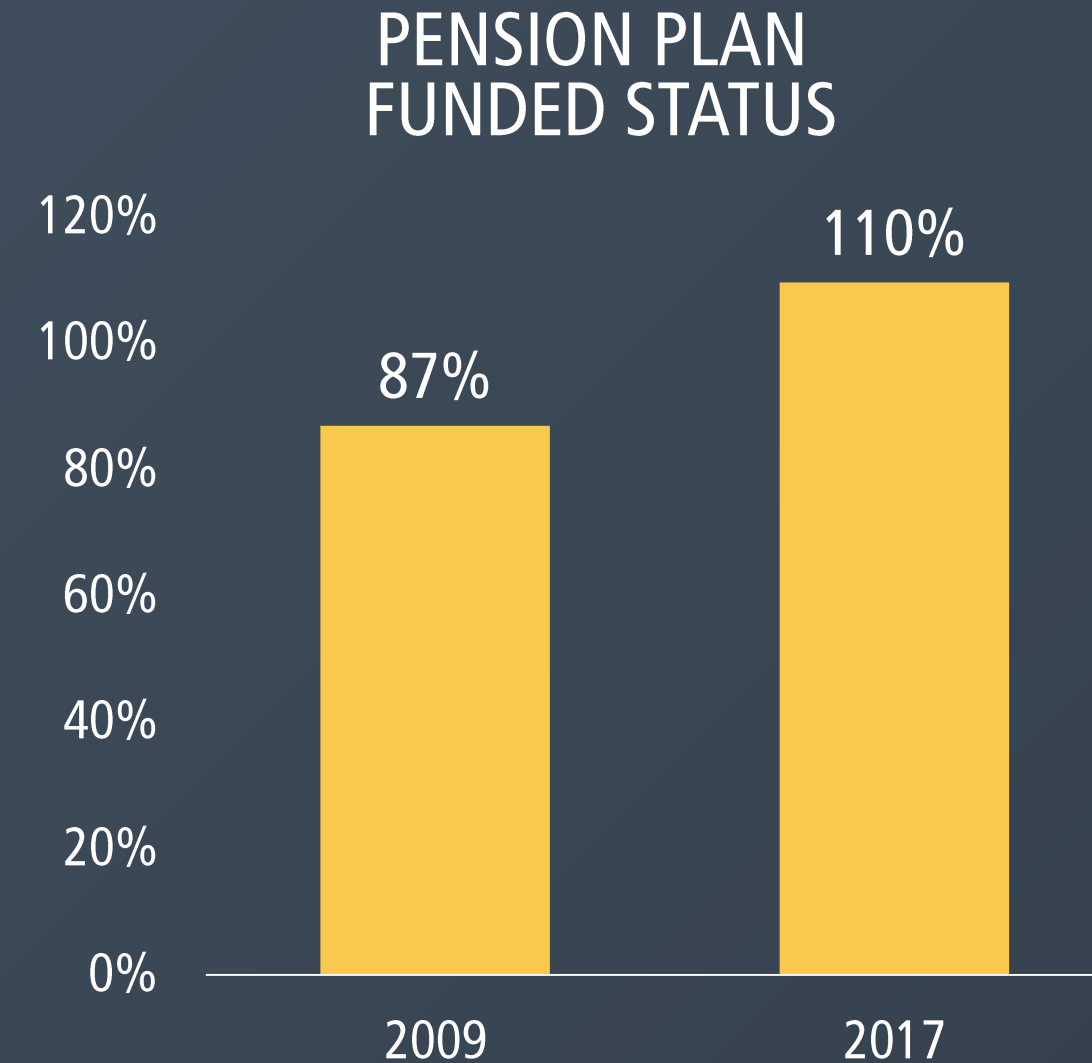


(1) For a full description and reconciliation of Adjusted Net Debt to Adjusted EBITDA, see Non-GAAP Measures in the Company's 2017 Annual Report on Form 10-K and the Note on Non-GAAP Measures in this presentation.

PENSION PLAN TURNAROUND

- Management actions have significantly improved plan
 - DB plan closed to non-union employees, introduced pension caps and leveraged attrition
 - Revamped asset allocation strategy
- 10% average return on plan assets over last 5 years
- Minimal cash funding requirements
 - \$400M in pre-payment account provides funding stability and certainty in future years

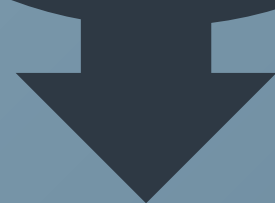
Plan improvements have dramatically reduced pension funding requirements



FINANCIAL PRINCIPLES

\$1.6B

Capital
Investment



CAPITAL EXPENDITURES

Proactive, disciplined approach
to investment

>15%

Adjusted Return On
Invested Capital⁽¹⁾



CAPITAL RETURNS

Strong pipeline of high
return projects

25-30%

Dividend
Payout Ratio



DIVIDENDS

Increasing payout
ratio over time

~3%

Annual Share
Repurchases



SHARE REPURCHASES

Maintain flexibility, repurchase
shares opportunistically

BBB+

Credit
Rating



CREDIT RATING

Maintain mid-
investment grade

⁽¹⁾ For a full description of Adjusted Return On Invested Capital, see Non-GAAP Measures in the Company's 2017 Annual Report on Form 10-K and the Note on Non-GAAP Measures in this presentation.

DRIVING GROWTH GENERATING SIGNIFICANT VALUE

FINANCIAL TARGETS (2018-2020)

Mid-single digit RTM growth CAGR

Continued margin improvement

Double-digit EPS growth CAGR

Capital investment \$1.6B per year