Un-TRPing Shareholder Value

November 2014

SANDELL
CASTLERIGG INVESTMENTS

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Sandell Asset Management

- Sandell Asset Management Corp. is a leading private alternative asset management firm specializing in global corporate event-driven investing. The firm has a global presence, with offices in New York and London
- Sandell Asset Management has been a long-time investor in the North American energy infrastructure industry, successfully working with companies such as Spectra Energy Corp. and Southern Union Co. to unlock shareholder value
- Thomas Sandell founded Sandell Asset Management in January 1998 and is Chairman and CEO. He has been involved in the securities industry since 1986
- Prior to founding the firm, Mr. Sandell worked as a Senior Managing Director & Co-head of Risk Arbitrage at Bear Stearns for 8 years where he built its international risk arbitrage business. Previously he worked at Atlantic Finance and Group Delphi in Paris as an equity analyst
- Mr. Sandell holds an MBA from Columbia University and a BS in International Business Administration and Economics from Uppsala University in Sweden

TransCanada Corp (TRP): Un-TRPing Shareholder Value

‘New’ TransCanada: Three Entities Well Positioned To Dominate Respective Industries

‘New’ TransCanada
$75/share

Energy: Spin-Off Creates Largest IPP On TSX

Å *$1.5bn EBITDA, 45% from Bruce Power and PPAs*

Å *Multiple financial/strategic levers to maximize value*

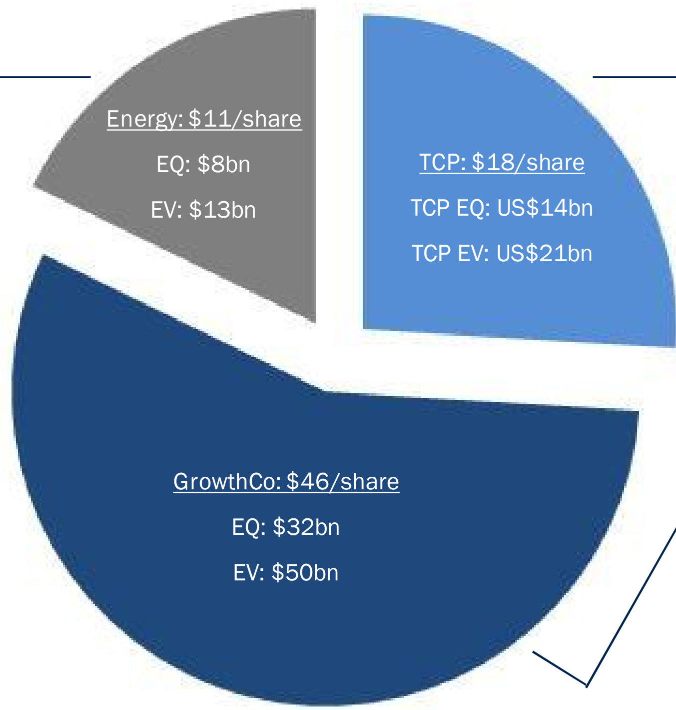
Å *Attract world-class management team*

TCP: Multiple Potential Paths To Top-Tier MLP Status

Å *‘All-In’ dropdown, e.g., Spectra Energy*

Å *Target expected distribution growth rate, e.g., Williams*

Å *Commit to partnership approach, e.g., SemGroup*



GrowthCo: Core Canadian Pipeline Company

Å *$2.7bn Canadian EBITDA with stable earnings*

Å *$39bn industry-leading project backlog*

Å *Management focus on execution and development*

TRP: Remains #2 Canadian Energy Infrastructure Player

Å *$2.7bn EBITDA + $432m MLP ATCF (1), Consolidated EQ/EV of $46bn/$70bn*

Å *Significant tax assets to support cash generation*

Å *Multiple avenues to finance $47bn project backlog*

Source: Company filings, Internal Work, $1.1/US$1.0; (1) After-Tax Cash Flow, assumes ‘all-in’ dropdown

Overview: Higher TRP Valuation Justified By Enhanced Dividend / Distribution Growth Rates

- 'All-In' TCP dropdown will improve TRP/TCP's low expected 5-year dividend/distribution growth rates back to industry levels
  - Drop $1.1bn of remaining US EBITDA at TRP (both oil and natural gas pipelines) into high distribution pay-out model favored by MLP investors
  - Take back TCP LP units as consideration and re-introduce IDR high-splits allowing TRP shareholders to benefit from 'all-in' dropdown
  - Analysis includes execution of approximately $3bn of backlog and does not include any of TRP's key projects
  - TCP will be a top tier MLP, with 9.0% distribution CAGR, strong balance sheet, oil-infrastructure assets and scale

- 5-year dividend CAGRs for GrowthCo rise to industry-leading rates, even with only one of its key projects approved and executed
  - After separating the low-growth Energy segment, GrowthCo can achieve potential dividend CAGRs of 15%-22%, drawing industry-leading multiples
  - In our analysis, as a result of LP/GP/IDR distributions from TCP (post 'all-in' dropdown), no external equity financing is required in each case below
  - Energy segment spin-off will result in one of the largest North American IPPs, attracting world-class management to navigate opportunities and challenges

	Market Expectations Div Growth[1]	All-In Drop To TCP[2] Div Growth	Segment Div Growth	Expected Div Growth With Projects: Case 1: Only Keystone XL[3]	Case 2: Only Energy East	Case 3: Only Pac NW LNG[4]
TRP Div	6.5%-7.0%	10.0%	*TRP: 10.0%*	*12.7%*	*17.2%*	*12.0%*
			GrowthCo: 12.0%	16.0%	22.2%	15.0%
			Energy: 5.9%	5.9%	5.9%	5.9%
TCP Dist	4.0%-4.5%	9.0%	TCP: 9.0%	13.4%	8.5%	8.5%

(1) 5-year estimated, assumes current structure, no Keystone XL, Energy East or Pac NW LNG approval

(2) assumes dropdown of all US pipelines for largely TCP units as consideration

(3) assumes 2/3 of Keystone XL funded out of US through TCP

(4) includes both Prince Rupert Gas Transmission and North Montney pipelines

Source: Company filings, Internal Work, $1.1/US$1.0

Fully Utilize MLP: Re-Set View Of TCP As Strategic Partner, Catching Up With Industry Competitors

- Currently TRP views TCP as a ‘financing vehicle’ for its Capital Program. This view has resulted in the following misguided strategic thinking, in our opinion
  - Dropdown ‘mature’ assets into TCP at high multiples for cash proceeds (limiting dropdown size) when growth capital is required
  - Fold management/strategic positioning of TCP into TRP, eliminating potential organic/M&A growth at TCP level
  - Dropdown timing/multiple determined by TRP growth capital needs as opposed to market environment

- This approach to TCP is flawed and short-sighted, leading to TCP being considered an ‘orphaned-MLP’
  - Earnings calls and sell-side coverage are mainly perfunctory exercises, leaving analyst estimates for distribution growth rates in a wide range
  - High dropdown multiples, cash consideration requirement and sale of mature-only assets have left TCP with a low distribution growth profile
  - In contrast to rest of industry, virtually no discussion of strategic/M&A activity, organic growth opportunities and/or JVs with other players

- A broad change of view is required immediately at TRP to re-set its view of TCP as a partner, not exclusively a ‘financing vehicle’
  - Viewing TCP as a partner, TRP should dropdown all of its US EBITDA, irrespective of ‘maturity’, at reasonable multiples in exchange for TCP units. This action will enhance TCP’s valuation, increase LP distribution growth rates and permit participation in industry M&A
  - At the same time, by taking back TCP units, this action is attractive for TRP as it retains the majority of asset cash flows through LP/GP/IDR distributions, while benefiting from improved value upside from the ownership of the fast-growing TCP IDRs
  - Importantly, in contrast with the TRP shareholder base, TCP’s unitholder base is not focused on ‘share-count’ and therefore its low cost of equity capital can be deployed effectively to fund TRP’s Capital Program, execute on TCP’s own backlog and/or engage in M&A as long as LP distribution per unit grows
  - Lastly, TCP’s capitalization will remain consolidated, preserving TRP’s robust balance sheet for continued strong credit ratings and future project wins

TCP ‘All-In’ Dropdown Increases Funding Optionality With No Risk To Backlog Execution

Plan Increases Distribution Pay-Out At TCP Level, Lowering Deployable Cost Of Equity Capital

Source: Company filings, Internal Work, $1.1/US$1.0

Transition To EBITDA/AFFO Metrics: Highlights Valuation Discount Versus Enbridge Inc. (ENB)

- After de-consolidating respective MLPs, TRP is trading at a significant discount to ENB on an EBITDA multiple basis
  - For proper comparisons, de-consolidation is necessary given ENB's full utilization of its main MLP (EEP) and TRP's minimal utilization of TCP
  - After de-consolidation, the TRP's observed multiple discount to ENB of 1.4x increases substantially to 4.8x based on 2015 EBITDA estimates
  - Although some ENB premium is warranted given higher growth rate expectations, this level of discount is unsupported by underlying fundamentals
  - By focusing on de-consolidated EBITDA metrics, shareholders can better assess relative values which, we believe, show that TRP is unfairly undervalued

- Furthermore, P/AFFO multiples show a similar magnitude of valuation disconnect given TRP's significant tax assets and low maintenance capital requirements
  - TRP's EPS estimates are a poor indicator of earnings power given its valuable tax pools and high depreciation levels versus maintenance capital
  - AFFO measure allow for clearer comparison across comparables as it normalizes for capital expenditures and cash tax rates
  - The importance of this distinction increases as EPS is further distorted by growth in PP&E (through backlog execution) and high book tax rates

2015 EBITDA Valuations - De-Consolidated							
All figures in C$		Enterprise Value	Equity Value	Consol Debt	Min Interest [1]	Consol EBITDA [2]	EBITDA Multiple
TRP CN Equity		70,510	40,416	25,702	1,413	5,549	12.7x
TCP Equity	29.5%	7,143	4,940	1,769		437	16.3x
Parent less MLP							-3.6x
TRP De-Consolidated EBITDA Multiple [1]							12.9x
ENB CN Equity		84,599	44,068	30,376	3,807	5,996	14.1x
EEP Equity	20.5%	25,252	13,540	7,010		1,983	12.7x
Parent less MLP							1.4x
ENB De-Consolidated EBITDA Multiple [1]							17.7x
TRP Valuation Discount							-4.8x

2015 P/E Vs. P/AFFO Valuations		
	Sell-Side Estimate [2]	
	EPS	AFFO
TRP	$2.42	$5.20
$57.04		
TRP x	23.6x	11.0x
ENB	$2.26	$3.26
$51.92		
ENB x	23.0x	15.9x
	0.6x	-5.0x

(1) Sandell calculations, (2) Consensus / Broker estimates

Source: Company filings, Internal Work, $1.1/US$1.0, Sandell has neither sought nor obtained the consent of Brokers to the use of information above

TransCanada Corp: Un-TRPing Shareholder Value

Steps Will Target Right Shareholder Bases To Un-TRP Shareholder Value

TransCanada Corp – 2014 $5.3bn EBITDA [1]

All-In TCP Dropdown ($1.1bn EBITDA)

$419m EBITDA – US Natural Gas Pipelines (ex-TCP)

- ANR, Non-TCP portions of owned pipelines
- Portions of Iroquois/Portland pipelines

$690m EBITDA – US Oil Pipelines

- Estimated 2/3 of Keystone Pipeline System

($55m in corporate costs)

↓

Premier US MLP + US$6bn Backlog

US$958m EBITDA + US$380m TCP = US$1.3bn in EBITDA

Value: $18/share [2]

GrowthCo ($2.7bn EBITDA)

$2,331m EBITDA – Canadian Natural Gas Pipelines

- Mainline, NGTL/Alberta System, Foothills, TQM

$130m EBITDA – Intl Natural Gas Pipelines

- Mexican Pipelines (Guadalajara, Tamazunchale)

$340m EBITDA – Canadian Oil Pipelines

- Estimated 1/3 of Keystone Pipeline System

($84m in corp costs)

↓

C$ Infrastructure Pure-Play + $39bn Backlog

$2,717m 2014 EBITDA with 5x D/EBITDA

Value: $46/share [3]

Energy ($1.5bn EBITDA)

$983m EBITDA (ex-Bruce Power)

- 60% Canadian
- 40% US

$580m EBITDA (Bruce Power)

($28m in corp costs)

↓

Energy + $2bn Backlog

$1,534m EBITDA

Value: $11/share [4]

Steps Will Unlock Intrinsic Value for TRP Shareholders To $75/Share

Source: Company filings, Internal Work, $1.1/US$1.0, (1) rounded, Sandell figures exclude TCP and include $55m in dis-synergies plus Bruce Power D&A; (2) assumes 4.5% distribution yield, 10% maintenance capital/EBITDA, 1.2x coverage ratio, 50% IDR splits and 25x IDR valuation; (3) 18.2x 2014 EBITDA valuation less debt and other liabilities, 709m s/o.; (4) 8.6x 2014 EBITDA valuation less $5.7bn debt

TCP Valuation: 'All-In' Dropdown To Release Embedded Value In Unique MLP Structure

- Post 'all-in' dropdown, TCP will be a premier natural gas and oil-focused MLP
- In our analysis, TCP's IDR is renegotiated to include a 50%, high-split at a 15% premium to its current 25% split level, aligning with relevant competitor MLPs
- Main benefits for 'all-in' dropdown:
  - Aid GrowthCo in execution of Capital Program either directly through LP/GP/IDR distributions or indirectly through use of TCP's balance sheet and low, deployable cost of equity capital to fund growth capital requirements
  - Increased size/scale, reduced overall cost of capital
  - Additional sell-side and buy-side coverage
  - Improved management focus and accountability
  - Greater ability to engage more effectively in backlog building projects and M&A

(figures in US$)	Current	PF
TCP Equity	$68.68	$102.27
Distribution Yield	*4.9%*	*4.5%*
Common o/s (+ GP 2%)	63.6	137.8
Market capitalization	4,368	14,090
Long Term Debt	1,944	6,630
Enterprise Value	6,312	20,720
D / EBITDA	*5.1x*	*5.0x*
EV / EBITDA	*16.6x*	*15.5x*

Premier US MLP + US$6bn Backlog		US$	C$
US Natural Gas Pipelines (ex-TCP)		381	419
US Oil Pipelines [1]		627	690
Corporate Costs		(50)	(55)
In Place Dropdown 2014 EBITDA		958	1,054
New Annual Dist / Share (incl TCP) [2]		$4.60	
TRP ownership of TCP Shares (m)		*92.5*	
Annual IDR payment to TRP		98	
Valuation to TRP Shareholders			Intrinsic
US$ pre-tax cash flow to TRP			524
US$ AT cash flow to TRP	25%		393
C$ AT cash flow to TRP			432
Dividend Yield			*4.5%*
US$ Value for TCP Shares			$102.27
C$ Value to TRP (TCP shares)			10,409
C$ Value to TRP (IDR)	25x		2,694
C$ Equity Value			13,103
TRP shares outstanding			*709*
Value to TRP shareholders			$18.00

(1) estimate 2/3 of Keystone System allocated and funded in US
(2) assumes 10x valuation of dropdown EBITDA, US$2.2bn of attrib debt, US$2.4bn of new debt, 75m new units issued to TRP

Source: Company filings, Internal Work, $1.1/US$1.0

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TCP Valuation: US Comparable Overview

- By engaging in an 'all-in' dropdown with IDR re-negotiation, TCP's scale and distribution growth rate will re-align with other premier MLPs
  - — Most major North American infrastructure players have already engaged in an 'all-in' dropdown to taking advantage of unique MLP structure
  - — High ownership of MLP LP units by c-corp comparables has not hindered market valuations, float, sell-side or investor interest
  - — With almost 45% of EBITDA coming from oil-focused pipelines, TCP valuation bolstered by higher valuations for oil-focused comparables
  - — Given GrowthCo's large US backlog, TCP's growth profile may better match 'oil-focused with parent support comparables', yielding additional upside

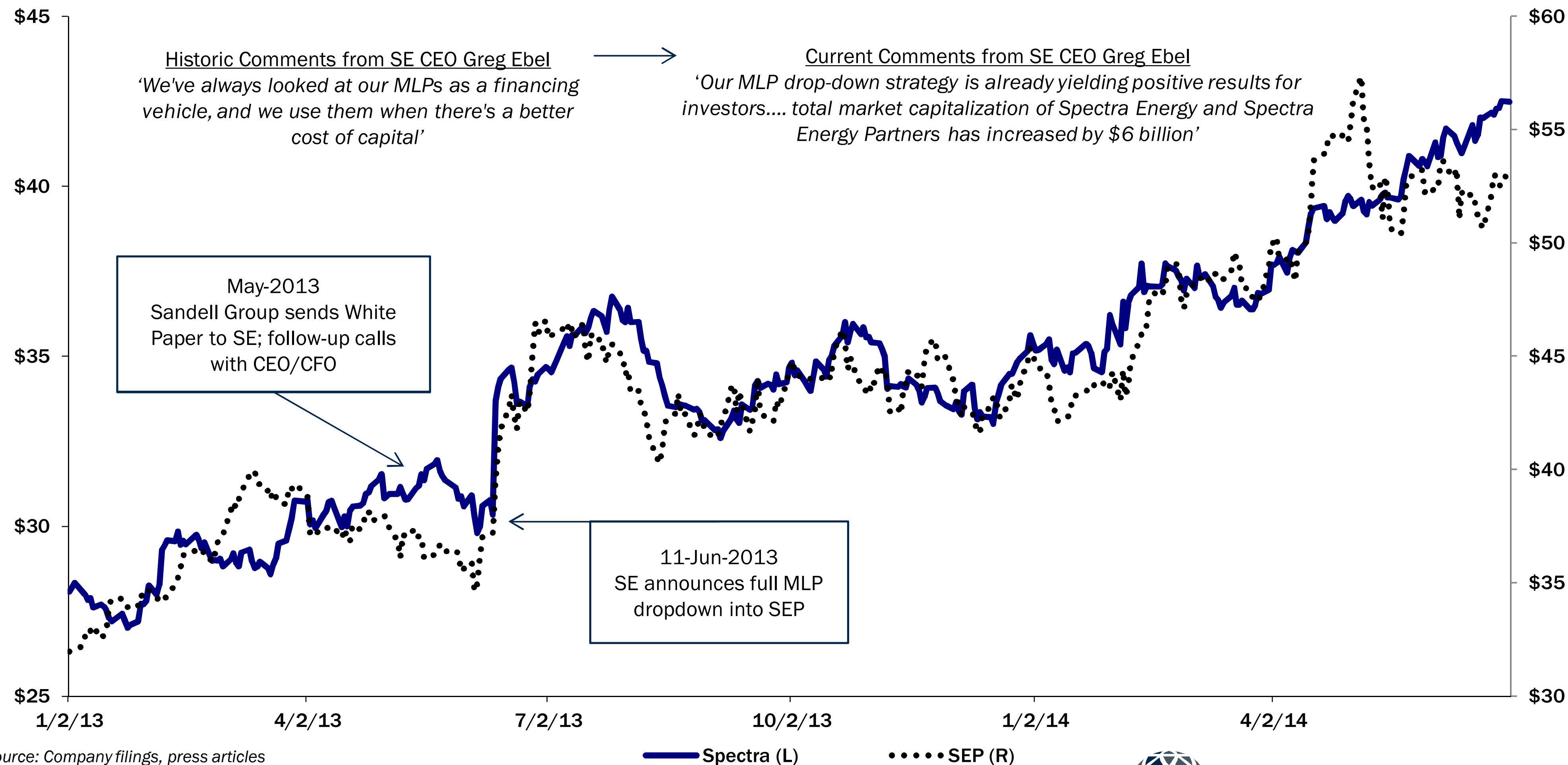
(figures in US$)		EQ	EV	Rating	EBITDA	D/ EBITDA	2014 EV/EBITDA	Div Yield	Control	High Splits
TCP Equity	TC PIPELINES LP	$ 4,368	$ 6,312	BBB-	$ 380	5.1x	16.6x	4.9%	27%/TRP CN	25%
TCP Equity	Dropdown + 50% IDR	$ 14,090	$ 20,720	Inv Grade	$ 1,339	5.0x	15.5x	4.5%	67%/TRP CN	50%
US MLPs of C-Corp Comparables										
EEP Equity	ENBRIDGE ENERGY	$ 11,966	$ 22,315	BBB *+	$ 1,453	7.1x	15.4x	6.1%	36%/ENB	25%
SEP Equity	SPECTRA ENERGY	$ 16,764	$ 22,897	BBB	$ 1,550	4.0x	14.8x	4.1%	82%/SE	50%
OKS Equity	ONEOK PARTNERS L	$ 12,014	$ 18,012	BBB	$ 1,550	3.9x	11.6x	6.5%	78%/OKE	50%
WPZ Equity	WILLIAMS PARTNER	$ 22,504	$ 35,081	BBB	$ 2,705	4.7x	13.0x	7.3%	63%/WMB	50%
NGLS Equity	TARGA RESOURCES	$ 6,590	$ 9,727	BB+ *+	$ 962	3.3x	10.1x	5.7%	13%/TRGP	50%
Averages						4.6x	13.0x	5.9%		
US MLPs - Oil-Focused with Parent Support										
SXL Equity	SUNOCO LOGISTICS	$ 10,978	$ 14,699	BBB	$ 974	3.8x	15.1x	3.1%	30%/ETE	50%
VLP Equity	VALERO ENERGY PA	$ 2,564	$ 2,185	N/A	$ 69	-5.5x	31.8x	2.2%	70%/VLO	50%
MPLX Equity	MPLX LP	$ 4,969	$ 5,548	N/A	$ 173	3.3x	32.1x	2.1%	73%/MPC	50%
PSXP Equity	PHILLIPS 66 PART	$ 4,863	$ 4,980	N/A	$ 134	0.9x	37.1x	1.9%	74%/PSX	50%
RRMS Equity	ROSE ROCK MIDSTR	$ 1,734	$ 2,198	B+	$ 125	3.7x	17.6x	4.3%	58%/SEMG	50%
Average Of Smaller Oil-Focused MLPs (ex-SXL)						0.6x	29.6x	2.6%		

Source: Company filings, Internal Work, $1.1/US$1.0

TransCanada Corp: Un-TRPing Shareholder Value

Spectra Energy (SE) Case Study: 'All-In' Dropdown Unlocked Shareholder Value, Reduced Cost of Capital

- SE's negative views on 'all-in' dropdown are similar to TRP's resistance today – with shareholder prodding, SE reversed its views
  — Post 'all-in' dropdown, SE/SEP share prices have substantially increased, resulting in a lower overall cost cost of capital



Source: Company filings, press articles

GrowthCo Valuation: Dividend Growth Expectations With Execution Of Capital Program Justifies Multiple

- At $70bn in enterprise value, consolidated GrowthCo and TCP will remain 2nd largest Canadian energy infrastructure player

- Stand-alone GrowthCo will have $39bn backlog driven by significant projects, any one of which, if executed, will drive 15%-22% 5-year dividend CAGR

- Main assets:
  - NGTL/Alberta: Gathers and transports natural gas within AB and BC
  - Mainline: Transports natural gas from West to East Canada
  - Foothills: Transports natural gas from AB to US border
  - TQM: Connects with Mainline to deliver gas to Eastern Canada
  - Mexican assets: Guadalajara & Tuscarora natural gas transportation systems
  - Canadian portion of Keystone System: Oil pipeline delivering to US GC
  - Natural gas storage assets: AB assets with upside optionality

- Backlog projects with highest probability of approval and execution:
  - Energy East ($12bn): Crude oil transportation from West to East Canada
  - PacNW LNG ($7bn): Prince Rupert Gas Transmission and North Montney
  - Keystone XL ($8bn in total): Estimated funding 1/3 Canadian, 2/3 US

GrowthCo: Infrastructure Pure Play + $39bn Backlog

		US$	C$
Canadian Natural Gas Pipelines			2,331
International Gas Pipelines		118	130
Canadian Oil Pipelines (1)			340
Corporate Costs			(84)
In Place 2014 EBITDA			2,717
Estimated D/EBITDA	5.0x		13,584

Valuation to TRP Shareholders	Intrinsic
2014 EBITDA Multiple	18.2x
Enterprise Value	49,534
less: long term debt	(13,584)
less: notes payable	(216)
less: junior sub debt	(1,067)
less: pfds	(2,255)
Equity Value	32,413
TRP shares outstanding	*709*
Value to TRP shareholders	$46.00

(1) estimate 1/3 of Keystone System allocated/funded in Canada

Source: Company filings, Internal Work, $1.1/US$1.0

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GrowthCo Valuation: Comparable Overview

- TRP (with TCP de-consolidated) currently trades at a discount to the Canadian and US comparables
  - In our view, main culprits causing TRP's valuation disconnect are 1) volatile Energy segment cash flows obscuring stable GrowthCo/TCP EBITDA, 2) limited usage of MLP to reduce overall cost of capital, 3) large but lumpy Capital Program subject to political and regulatory risk and 4) underappreciated tax assets
  - By fully utilizing TCP and spinning-off the Energy segment, GrowthCo will be re-valued upwards as a result of its pure-play exposure to North American infrastructure growth and the ongoing de-risking of its Capital Program

						D/	2014 [1]		Return to 06/30/14	
		EQ	EV	Rating	EBITDA	EBITDA	EV/EBITDA	Div Yield	1 YR	3 YR
TRP CN Equity	TRANSCANADA CORP	$ 40,416	$ 65,636	A-	$ 5,360	4.7x	12.2x	3.4%	12%	19%
GrowthCo Only		$ 32,413	$ 49,534	Inv grade	$ 2,717	5.0x	18.2x	2.9%	N/A	N/A
C-Corp Comparables										
Canada		C$	C$		C$					
ENB CN Equity	ENBRIDGE INC	$ 44,068	$ 84,599	A-	$ 5,083	8.0x	16.6x	2.7%	15%	25%
IPL CN Equity	INTER PIPELINE L	$ 11,407	$ 16,042	BBB+	$ 720	6.4x	22.3x	4.2%	53%	72%
KEY CN Equity	KEYERA CORP	$ 7,966	$ 9,067	N/A	$ 542	2.0x	16.7x	2.7%	39%	85%
PPL CN Equity	PEMBINA PIPELINE	$ 14,470	$ 17,394	BBB	$ 1,007	2.9x	17.3x	3.8%	43%	76%
Averages						4.8x	18.2x	3.4%	37%	65%
US		US$	US$		US$					
SE Equity	SPECTRA ENERG	$ 26,142	$ 43,065	BBB	$ 3,055	5.5x	14.1x	3.8%	23%	46%
OKE Equity	ONEOK INC	$ 11,755	$ 21,945	BB+	$ 1,370	7.4x	16.0x	4.2%	88%	84%
WMB Equity	WILLIAMS COS INC	$ 40,886	$ 72,812	BB+	$ 3,235	9.9x	22.5x	4.1%	79%	102%
KMI Equity	KINDER MORGAN IN	$ 39,618	$ 93,313	BB *+	$ 6,649	8.1x	14.0x	4.6%	-5%	13%
TRGP Equity	TARGA RESOURCES	$ 4,987	$ 10,236	N/A	$ 883	5.9x	11.6x	2.5%	117%	227%
Averages						7.4x	15.7x	3.8%	61%	94%

(1) TCP de-consolidated for TRP 2014 EBITDA multiple

Source: Company filings, Internal Work, $1.1/US$1.0

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Energy Segment Valuation

- Energy segment will be a significant pure-play in North American power generation
- Energy spin-off will not only be an attractive investment vehicle for institutional investors but also a platform for M&A to rationalize/consolidate industry
- Main benefits for spin off:
  - Isolate AB/Merchant exposure prompting greater management accountability, prompting potential strategic action to deal with upcoming opportunities and challenges
  - Target global shareholder base / sell-side analysts who best understand power generation risks

Energy + C$2bn Backlog	C$
Power EBITDA (Western, Eastern & US)	983
Bruce Power 2014 EBITDA (proportionate share)	580
Corporate Costs	(28)
PF EBITDA	1,534
Estimated Dividend	*409*
Valuation to TRP Shareholders	Intrinsic
2014 EBITDA Multiple (1)	8.6x
D/EBITDA Multiple	*3.7x*
Enterprise Value	13,213
less: long term debt	(5,681)
Equity Value	7,532
TRP shares outstanding	*709*
Value to TRP shareholders	$11.00
Implied dividend yield	*5.4%*

(1) TransAlta 2014 EBITDA multiple

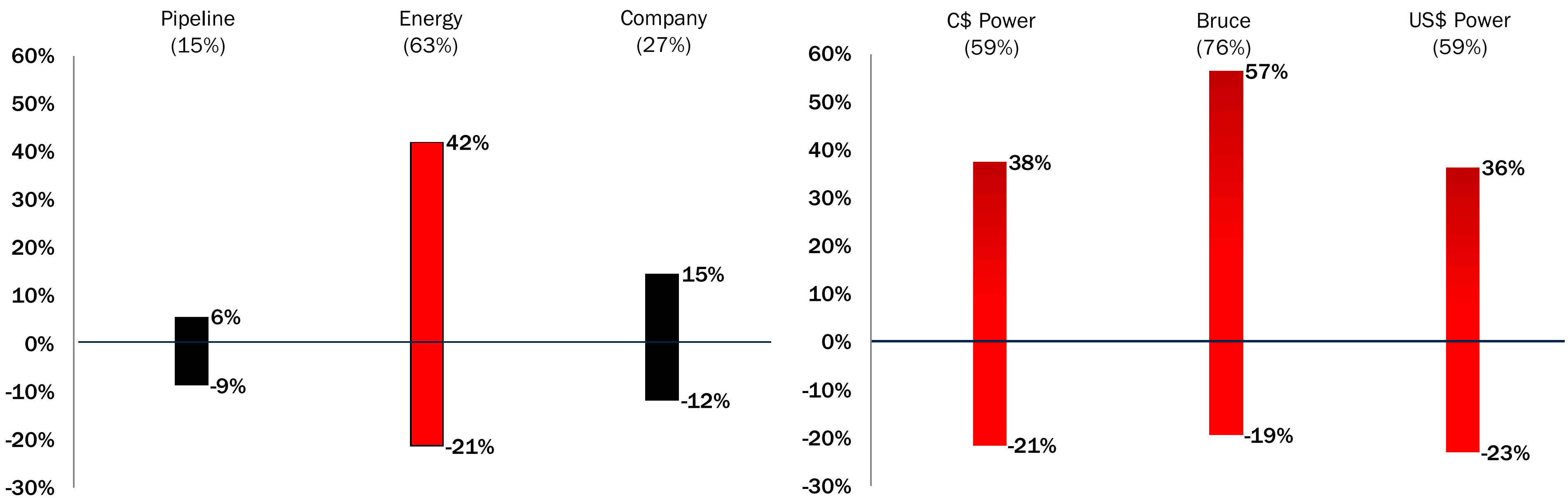
Canadian Energy Comparables				Rating	EBITDA	D/ EBITDA	2014 EV/EBITDA	Div Yield
TA CN Equity	TRANSALTA CORP	C$ 3,076	C$ 8,541	BBB-	C$ 992	5.5x	8.6x	6.4%
BEP-U Cn Equity	BROOKFIELD RENEW	C$ 4,988	C$ 17,042	BBB	C$ 1,260	9.6x	13.5x	5.0%
NPI CN Equity	NORTHLAND POWER	C$ 2,441	C$ 4,679	BBB	C$ 361	6.2x	13.0x	6.5%
INE CN Equity	INNERGEX RENEWAB	C$ 1,071	C$ 2,818	BBB-	C$ 173	10.1x	16.3x	5.6%
AQN CN Equity	ALGONQUIN POWER	C$ 2,156	C$ 4,058	BBB	C$ 287	6.6x	14.1x	4.1%
CPX CN Equity	CAPITAL POWER CO	C$ 2,200	C$ 4,179	BBB-	C$ 393	5.0x	10.6x	5.1%
Averages						7.2x	12.7x	5.5%

Source: Company filings, Internal Work, $1.1/US$1.0

Difficulty In Forecasting Energy Segment EBITDA Obscures Stable Pipeline Cash Flows

- Sell-side analysts significantly disagree on Energy segment EBITDA reflecting widely divergent assumptions of generation, power prices and regulatory analysis
  - — 63% High to Low Variation (HLV) on 2015 Consensus Energy segment EBITDA estimates contributes considerably to overall TRP 2015 EBITDA HLV of 27%
  - — Higher valuation multiples are afforded to either 1) certainty or 2) growth of cash flows – by keeping the Energy business, TRP is providing neither
- Focusing specifically on Energy segment EBITDA, the variation differentials become more acute within segments – underscoring contrast with Pipeline segment
  - — Canadian Power, Bruce Power and US Power EBITDAs have HLVs of 59%, 76% and 59%, respectively vs. Pipeline EBITDA HLV of 15%

High to Low Variance (HLV %) for 2015 EBITDA Estimates Across Recent Sell-Side Models for TRP (1)



We Believe TRP Conglomerate Discount Will Only Be Eliminated With Energy Segment Spin-Off

Source: Company filings, Internal Work, $1.1/US$1.0 – (1) Figures exclude corporate costs, reflects 8 sell-side models received September 2014

Plan Improves TRP Flexibility And Options During Adverse Events

What If	In Current Structure	In New Structure
Interest rate rises	Overall financing costs will increase for entire entity Å Dropdown multiples will decline, reducing potential cash proceeds from TCP dropdowns for TRP growth capital	TCP can capitalize on situation to consolidate cheaper MLPs to offset potential lower SOTP valuation: Å Loss of cash flow from TCP capped to external LP distribution
Regulatory concerns from Keystone XL, Energy East or large LNG export projects	Negative from sentiment standpoint on entire entity Å Affects valuation of consolidated entity Å Unduly increases overall cost of capital for US Pipeline assets and Energy segment vis-a-vis competitive set Å Consolidated structure limits strategic reaction	Limited to GrowthCo only. More focused investment base and management team better able to communicate: Å Minimized financial effects – high distribution payout ratio from TCP will continue to provide cash for GrowthCo Å Strategic moves possible to offset loss (M&A, adjustment of payout ratio due to lower capital requirements, etc.) Å TCP/Energy segment valuation insulated Å TCP can build out additional US portions of Keystone XL
Continued outages or issues with refurbishment negotiations at Bruce Power or continued weak AB power markets	Negative from sentiment standpoint on entire entity Å Affects valuation of consolidated entity Å Unduly increases overall cost of capital for consolidated Pipeline segment vis-a-vis competitive set Å Consolidated structure limits strategic reaction	Limited to Energy segment only. More focused investment base and management team better able to communicate: Å Financial effects and possible offsets Å Strategic moves possible (acquisition, restructuring assets into YieldCos, etc. to maximize shareholder value) Å GrowthCo/TCP segment valuation insulated

Plan Represents Best Structure To Expand Flexibility And Funding Options
For TransCanada And Its Shareholders For The Long-Term

Source: Company filings, Internal Work, $1.1/US$1.0

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