

TRANSCANADA CORP
Form F-10/A
March 18, 2016

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As filed with the Securities and Exchange Commission on March 18, 2016

Registration No. 333-210256

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1
to
FORM F-10

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

TRANSCANADA CORPORATION

(Exact name of Registrant as specified in its charter)

Canada (Province or other jurisdiction of incorporation or organization)	4922; 4923; 4924; 5172 (Primary Standard Industrial Classification Code Number)	Not Applicable (I.R.S. Employer Identification Number)
TransCanada Tower, 450 First Street S.W., Calgary, Alberta, Canada, T2P 5H1, (403) 920-2000 (Address and telephone number of Registrant's principal executive offices)		

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(Name, address, and telephone number of agent for service in the United States)

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Approximate date of commencement of proposed sale of the securities to the public:

As soon as practicable after this Registration Statement is declared effective.

Province of Alberta, Canada

(Principal jurisdiction regulating this offering)

It is proposed that this filing shall become effective (check appropriate box):

- A. ☐ upon filing with the Commission, pursuant to Rule 467(a) (if in connection with an offering being made contemporaneously in the United States and Canada).
- B. ☐ at some future date (check appropriate box below):
1. ☐ pursuant to Rule 467(b) on _____ at _____ (designate a time not sooner than seven calendar days after filing).
 2. ☐ pursuant to Rule 467(b) on _____ at _____ (designate a time seven calendar days or sooner after filing) because the securities regulatory authority in the review jurisdiction has issued a receipt or notification of clearance on _____.
 3. ☐ pursuant to Rule 467(b) as soon as practicable after notification of the Commission by the Registrant or the Canadian securities regulatory authority of the review jurisdiction that a receipt or notification of clearance has been issued with respect hereto.
 4. ☐ after the filing of the next amendment to this Form (if preliminary material is being filed).

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to the home jurisdiction's shelf prospectus offering procedures, check the following box: ☐

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered ⁽¹⁾⁽²⁾⁽³⁾	Proposed maximum offering price per Security	Proposed maximum aggregate offering price ⁽²⁾	Amount of registration fee
Subscription Receipts				
Common Shares ⁽⁴⁾⁽⁵⁾				
Total	U.S.\$3,345,280,449	100%	U.S.\$3,345,280,449	U.S.\$336,870 ⁽⁶⁾

- (1) In U.S. dollars or the equivalent thereof in foreign denominated currencies or currency units.
- (2) Estimated solely for purposes of calculating the registration fee. There are being registered under this Registration Statement such indeterminate number of subscription receipts of the Registrant as shall have an aggregate initial offering price not to exceed U.S.\$3,345,280,449.
- (3) Based upon a proposed maximum offering price of Cdn\$4,419,450,000 at an exchange rate of Cdn\$1.3211 per U.S.\$1.00, the noon buying rate in New York City on March 11, 2016 for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York.
- (4) Includes associated common share purchase rights. The value, if any, attributable to the rights is reflected in the market price of the common shares.
- (5) Represents common shares issuable upon conversion of subscription receipts for which no additional consideration will be paid.
- (6) \$336,149 previously paid.

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The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registration Statement shall become effective as provided in Rule 467 under the Securities Act of 1933, as amended, or on such date as the Commission, acting pursuant to Section 8(a) of the Act, may determine.

PART I

**INFORMATION REQUIRED TO BE
DELIVERED TO OFFEREEES OR PURCHASERS**

I-1

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the United States Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

SUBJECT TO COMPLETION, DATED MARCH 18, 2016

TRANSCANADA CORPORATION

\$4,209,000,000

92,000,000 Subscription Receipts each representing the right to receive one Common Share

TransCanada Corporation ("TransCanada" or the "Corporation") is hereby qualifying the distribution (the "Offering") of 92,000,000 subscription receipts ("Subscription Receipts"), each of which will entitle the holder thereof to receive (i) automatically upon the closing of the Acquisition (as defined herein), without any further action on the part of the holder thereof and without payment of additional consideration, one common share ("Common Share") of the Corporation, and (ii) Dividend Equivalent Payments (as defined herein). See "Details of the Offering" and "Plan of Distribution".

The gross proceeds from the sale of the Subscription Receipts (the "Escrowed Funds") will, from the Offering Closing Date until the earlier of the delivery of the Escrow Release Notice (as defined herein) and the Termination Time (as defined herein), be held in escrow by Computershare Trust Company of Canada, as escrow agent (the "Escrow Agent") and invested pursuant to the terms of the Subscription Receipt Agreement (as defined herein) in interest-bearing deposits with banks and other financial institutions with issuer credit ratings from S&P (as defined herein) of at least A, provided that Dividend Equivalent Payments may be made from the Escrowed Funds and the interest credited or received thereon from time to time, as described herein.

We are permitted, as a Canadian issuer under a multijurisdictional disclosure system adopted by the United States ("U.S."), to prepare this prospectus in accordance with Canadian disclosure requirements. You should be aware that such requirements are different from those of the U.S. Our financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which is referred to as "U.S. GAAP".

Owning the Subscription Receipts and the Common Shares issuable upon exchange of the Subscription Receipts may have tax consequences for you both in Canada and the U.S. This prospectus may not describe these tax consequences fully. You should read the tax discussion under "Certain Canadian Income Tax Considerations" and "Certain U.S. Federal Income Tax Considerations" in this prospectus.

Your ability to enforce civil liabilities under the U.S. federal securities laws may be affected adversely because we are incorporated or organized under the laws of Canada, some or all of our officers and directors may be residents of Canada, some or all of the experts named in this prospectus may be residents of Canada and a substantial portion of our assets and all or a substantial portion of the assets of those officers, directors and experts may be located outside of the U.S.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Price: \$45.75 per Subscription Receipt

	Price to the Public	Underwriters' Fee ⁽¹⁾	Net Proceeds to the Corporation ⁽²⁾
Per Subscription Receipt	\$45.75	\$1.486875	\$44.263125
Total	\$4,209,000,000	\$136,792,500	\$4,072,207,500

- (1) The fee payable to the Underwriters (as defined herein) is payable as to 50% on the Offering Closing Date and 50% upon the closing of the Acquisition. In the event the Escrowed Funds are refunded to purchasers following the Termination Time, the fee payable to the Underwriters will consist solely of the amount payable on the Offering Closing Date.
- (2) Before deducting the estimated expenses of the Offering of approximately \$3 million and excluding any interest that may be earned on the Escrowed Funds. The expenses of the Offering and the Underwriters' fee will be paid from the general funds of the Corporation.
- (3) The Corporation has granted to the Underwriters an option (the "Over-Allotment Option"), exercisable at any time up to 30 days following the Offering Closing Date, to purchase up to an additional 4,600,000 Subscription Receipts at the Offering price. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters' fee and the net proceeds to the Corporation, before expenses of the Offering, will be \$4,419,450,000, \$143,632,125 and \$4,275,817,875, respectively. The expenses of the Offering and the Underwriters' fee will be paid from the general funds of the Corporation. See "Plan of Distribution". The distribution of the Subscription Receipts that may be issued on the exercise of the Over-Allotment Option is also qualified under this prospectus. A purchaser who acquires any of the Subscription Receipts forming part of the Underwriters' over-allocation position acquires these securities under this short form prospectus (the "prospectus"), regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

Underwriters' Position	Maximum Size or Number of Subscription Receipts Available	Exercise Period	Exercise Price
Over-Allotment Option	4,600,000	Up to 30 days following the closing time for the Offering	\$45.75

On March 17, 2016, TransCanada PipeLines Limited ("TCPL"), TransCanada PipeLine USA Ltd. ("TransCanada Holdco") and Taurus Merger Sub Inc. ("Merger Sub"), all direct or indirect wholly-owned subsidiaries of the Corporation, and the Corporation (for the limited purposes of providing representation and warranties, pursuing regulatory approvals and obtaining the financing for the Acquisition), entered into an agreement and plan of merger (the "Merger Agreement") with Columbia Pipeline Group Inc. ("Columbia"), pursuant to which TCPL, indirectly through TransCanada Holdco and Merger Sub, agreed to acquire Columbia through a merger of Merger Sub with and into Columbia (the "Acquisition") for a purchase price of approximately U.S.\$10.25 billion (the "Purchase Price") in cash, which will be funded in part, directly or indirectly, from the net proceeds of the Offering. The Purchase Price together with approximately U.S.\$2.75 billion of assumed debt constitutes a total transaction value of approximately U.S.\$13 billion. See "Acquisition of Columbia".

The outstanding Common Shares are listed on the Toronto Stock Exchange (the "TSX") and the New York Stock Exchange (the "NYSE") under the symbol "TRP". On March 17, 2016, the closing prices of the Common Shares on such exchanges were \$49.42 and U.S.\$38.08, respectively.

There is no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts and the extent of issuer regulation. See "Risk Factors". The Corporation has applied to the TSX to list the Subscription Receipts offered under this prospectus and the Common Shares issuable upon the exchange of the Subscription Receipts. The Corporation has also applied to the NYSE to list the Common Shares issuable upon exchange of the Subscription Receipts. Listings will be subject to the Corporation fulfilling all the listing requirements of the TSX and the NYSE, as applicable. There can be no assurance that the Subscription Receipts will be accepted for listing on the TSX or that the Common Shares issuable upon exchange of the Subscription Receipts will be accepted for listing on the TSX or the NYSE.

It is currently anticipated that the closing date of the Offering (the "Offering Closing Date") will be on or about April 1, 2016, or such later date as the Corporation and the Underwriters may agree but in any event not later than April 6, 2016. See "Details of the Offering".

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Each Subscription Receipt will be automatically exchanged for one Common Share, without any further action required on the part of the holder of the Subscription Receipt and without payment of additional consideration, upon the closing of the Acquisition (the "Acquisition Closing Date"), which is expected to occur shortly after the later of the expiration or termination of the applicable waiting period in connection with the Acquisition under the *United States Hart-Scott-Rodino Antitrust Improvements Act of 1976* ("HSR Act"), receipt of Columbia Stockholder Approval (as defined herein), receipt of CFIUS Clearance (as defined herein) and the satisfaction or waiver of other customary closing conditions, provided that all such conditions are satisfied or waived on or prior to September 17, 2016 (the "Acquisition Outside Date"), subject to any extensions of the Acquisition Outside Date in accordance with the terms of the Merger Agreement. See "Acquisition of Columbia Merger Agreement".

While the Subscription Receipts remain outstanding, holders thereof will be entitled to receive payments per Subscription Receipt equal to the per Common Share cash dividends, if any, actually paid or payable to holders of Common Shares in respect of all record dates for such dividends occurring from the Offering Closing Date to, but excluding, the last day on which the Subscription Receipts remain outstanding, to be paid to holders of Subscription Receipts concurrently with the

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payment date of each such dividend on the Corporation's outstanding Common Shares, paid first out of any interest credited or received on the Escrowed Funds and then out of the Escrowed Funds (any such payment, a "Dividend Equivalent Payment"). Notwithstanding the foregoing, holders of Subscription Receipts of record at the close on April 15, 2016 will be entitled to a Dividend Equivalent Payment in respect of the \$0.565 per Common Share dividend payable by TransCanada on April 29, 2016 to Common Share holders of record at the close on March 31, 2016 even though the Subscription Receipt holders were not holders of record on the record date for such Common Share dividend. Any Dividend Equivalent Payments will be made net of any applicable withholding taxes.

In the event that the Termination Time occurs after a dividend has been declared on the Common Shares but before the record date for such dividend, holders of Subscription Receipts will receive, as part of the Termination Payment (as defined herein), a pro rata Dividend Equivalent Payment in respect of such dividend declared on the Common Shares based on the ratio of the time between (i) the date of the prior Dividend Equivalent Payment (or, if none, the Offering Closing Date) and the Termination Time to (ii) the date of the prior Dividend Equivalent Payment (or, if none, the prior payment date for dividends on the Common Shares) and the dividend payment date for the dividend so declared. If the Termination Time occurs on a record date or following a record date but on or prior to the payment date, holders will be entitled to receive the full Dividend Equivalent Payment. See "Details of the Offering".

After the Acquisition Closing Date, the former holders of Subscription Receipts will be entitled, as holders of Common Shares, to receive any dividends if, as and when declared by the board of directors of the Corporation from time to time, and to vote and to all other rights available to holders of Common Shares. See "Description of Share Capital – Common Shares".

Provided that the Escrow Release Notice is provided to the Escrow Agent on or prior to the Termination Time, the remaining Escrowed Funds (together with any remaining interest credited or received thereon), less any amounts required to satisfy any unpaid Dividend Equivalent Payments, will be released by the Escrow Agent to or as directed by the Corporation and will be used, directly or indirectly, to pay a portion of the Purchase Price or to repay a portion of the indebtedness incurred to finance a portion of the Purchase Price. See "Use of Proceeds".

If the Escrow Release Notice is not delivered on or prior to 5:00 p.m. (Calgary time) on March 17, 2017 (the "Outside Date"), or if the Merger Agreement is terminated or the Corporation advises the Underwriters or announces to the public that TCPL does not intend to proceed with the Acquisition at any earlier time (such termination, advising or announcement being a "Termination Event", and the earlier of (i) 5:00 p.m. (Calgary time) on the Outside Date without the Escrow Release Notice having been delivered, and (ii) the occurrence of a Termination Event being the "Termination Time"), the Escrow Agent will pay to each holder of Subscription Receipts, commencing on the third business day following the Termination Time, the Termination Payment. The Termination Payment will be made from the balance of the Escrowed Funds at the Termination Time, including from remaining interest credited or received on the Escrowed Funds, provided that if the balance of the Escrowed Funds, together with any such interest, is insufficient to cover the full amount of the Termination Payment, under the Subscription Receipt Agreement, TransCanada will be required to pay to the Escrow Agent as agent on behalf of holders of Subscription Receipts the deficiency, if any, between the amount of Escrowed Funds, together with any such interest, at the Termination Time and the aggregate of the Termination Payments due to the holders of Subscription Receipts. See "Details of the Offering".

RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., Scotia Capital Inc., National Bank Financial Inc., J.P. Morgan Securities Canada Inc., Wells Fargo Securities Canada, Ltd., Merrill Lynch Canada Inc., Citigroup Global Markets Canada Inc., Credit Suisse Securities (Canada), Inc., Deutsche Bank Securities Inc., HSBC Securities (Canada) Inc., FirstEnergy Capital Corp., Macquarie Capital Markets Canada Ltd. and Peters & Co. Limited (collectively, the "Underwriters"), as principals, conditionally offer the Subscription Receipts, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution", and subject to the approval of certain legal matters relating to Canadian law on behalf of the Corporation by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Norton Rose Fulbright Canada LLP and certain legal matters relating to United States law on behalf of the Corporation by Mayer Brown LLP and on behalf of the Underwriters by Paul, Weiss, Rifkind, Wharton & Garrison LLP.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. Book entry only certificates representing the Subscription Receipts will be issued in registered form to CDS Clearing and Depository Services Inc. ("CDS") or its nominee and will be deposited with CDS on the Offering Closing Date. A purchaser of Subscription Receipts will receive only a customer confirmation from a registered dealer which is a CDS participant and from or through which the Subscription Receipts are purchased. See "Depository Services".

Deutsche Bank Securities Inc. is not registered as a dealer in any Canadian jurisdiction and, accordingly, will only sell Subscription Receipts into the United States or in other jurisdictions outside of Canada and is not permitted and will not, directly or indirectly, solicit offers to purchase or sell any of the Subscription Receipts in Canada.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Subscription Receipts at levels other than those which might otherwise prevail on the open market. The Underwriters propose to offer the Subscription Receipts initially at the offering price specified above. After a reasonable effort has been made to sell all of the Subscription Receipts at the price specified, the

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Underwriters may reduce the selling price to investors from time to time in order to sell any of the Subscription Receipts remaining unsold. Any such reduction will not affect the proceeds received by the Corporation. See **"Plan of Distribution"**.

Investing in the Subscription Receipts and the Common Shares issuable upon the exchange thereof involves certain risks. See "Risk Factors".

Each of RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., Scotia Capital Inc., National Bank Financial Inc., J.P. Morgan Securities Canada Inc., Wells Fargo Securities Canada, Ltd., Merrill Lynch Canada Inc., Citigroup Global Markets Canada Inc., Credit Suisse Securities (Canada), Inc., Deutsche Bank Securities Inc. and HSBC Securities (Canada) Inc. is a subsidiary or an affiliate of a lender to the Corporation or its subsidiaries and to which the Corporation or its affiliates is currently or will be indebted. See "Acquisition of Columbia - Financing of the Acquisition". Consequently, the Corporation may be considered a connected issuer of the Underwriters for the purposes of securities regulations in certain provinces and territories of Canada. The proceeds from the Offering may be used to reduce the Corporation's indebtedness to such lenders incurred in connection with the Acquisition. In addition, an affiliate of Wells Fargo Securities Canada, Ltd. acts as the financial advisor to the Corporation in connection with the Acquisition. See "Relationship Between the Corporation and Certain of the Underwriters", "Use of Proceeds" and "Plan of Distribution - Conflicts of Interest".

The Corporation's head office and registered office is located at 450 - 1st Street S.W., Calgary, Alberta, Canada, T2P 5H1.

Messrs. Lowe and Richels and Meses. Reynolds and Salomone are directors of the Corporation who reside outside of Canada and each of these directors has appointed the Corporation as agent for service of process at 450 - 1st Street, S.W., Calgary, Alberta, Canada T2P 5H1. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person who resides outside of Canada, even if the party has appointed an agent for service of process.

The date of this Prospectus is , 2016.

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SUMMARY

The following information is a summary only and is to be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this prospectus and in the documents incorporated by reference herein.

TransCanada

We operate our business in three segments: Natural Gas Pipelines, Liquids Pipelines and Energy. Natural Gas Pipelines and Liquids Pipelines are principally comprised of our respective natural gas and oil pipelines in Canada, the U.S. and Mexico as well as our regulated natural gas storage operations in the U.S. Energy includes our power operations and the non-regulated natural gas storage business in Canada. See "The Corporation".

The Acquisition

On March 17, 2016, the Corporation announced that the Corporation, TCPL, TransCanada Holdco and Merger Sub had entered into an agreement to acquire Columbia through a merger of Merger Sub with and into Columbia for a Purchase Price of approximately U.S.\$10.25 billion, which, together with approximately U.S.\$2.75 billion of assumed debt, constitutes a total transaction value of approximately U.S.\$13 billion. The Acquisition is expected to close shortly after the later of the expiration or termination of the applicable waiting period in connection with the Acquisition under the HSR Act, receipt of Columbia Stockholder Approval, the receipt of CFIUS Clearance and the satisfaction or waiver of other customary closing conditions, provided that this date occurs on or prior to the Acquisition Outside Date, subject to any extensions of the Acquisition Outside Date in accordance with the terms of the Merger Agreement. See "Acquisition of Columbia Merger Agreement".

Columbia

Columbia owns approximately 15,000 miles (24,140 kilometres ("km")) of strategically located interstate natural gas pipelines extending from New York to the Gulf of Mexico and one of the U.S.'s largest underground natural gas storage systems, with approximately 296 billion cubic feet ("Bcf") of working gas capacity, as well as related gathering and processing assets. For the year ended December 31, 2015, 94.6% of Columbia's revenue, excluding revenues generated from cost recovery under certain regulatory tracker mechanisms, was generated under firm revenue contracts. See "Columbia".

Acquisition Rationale

Columbia's assets include one of the largest interstate natural gas pipeline systems in the United States, providing transportation, storage and related services to a variety of customers in the U.S. Northeast, Midwest, Mid-Atlantic and Gulf Coast regions. This extensive, competitively-positioned, growing network of regulated natural gas pipeline and storage assets in the Marcellus and Utica shale gas regions complements TransCanada's existing North American footprint (see "Columbia Description of Columbia's Business"). According to the U.S. Energy Information Administration, production in the Marcellus and Utica shale regions grew from approximately 2.7 Bcf/day of natural gas in 2010 to approximately 19.6 Bcf/day in 2015, and, according to IHS CERA, natural gas production in these regions is anticipated to grow to above 30 Bcf/day by the end of 2020. Combined, the 91,000 km (56,900 mile) natural gas pipeline system connects North America's fastest-growing supply basins to markets across the continent. The combination will result in 664 Bcf of storage capacity, including Columbia's system capacity of 296 Bcf. It will also leave TransCanada well positioned to transport North America's natural gas supply to liquefied natural gas terminals for export to international markets.

TransCanada views this acquisition as a major part of a series of planned business changes, including the planned monetization of its U.S. Northeast merchant power business and of a minority interest in its Mexican natural gas pipeline business (as described under "Financing of the Acquisition") that, taken with the

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Acquisition will significantly transform the Corporation's business and position it to generate significant growth, while maintaining its financial strength and flexibility. The highlights of this Acquisition include:

Creates one of North America's largest regulated natural gas transmission businesses linking the continent's fastest growing natural gas supply basins to its most attractive markets

Results in a combined \$23 billion portfolio of secured, near-term growth projects

Expected to be accretive to earnings per share in first full year of ownership and thereafter as the combined \$23 billion of near-term commercially secured projects enter service

Increases 2015 adjusted pro-forma EBITDA from regulated and long-term contracted assets to approximately 92 per cent

Planned monetization of U.S. Northeast merchant power assets would further enhance stability and predictability of revenue streams

Supports and may augment targeted 8 to 10 per cent expected annual dividend growth through 2020

Funding program designed to be consistent with current financial profile

Targeted annual cost, revenue and financing benefits of approximately U.S.\$250 million

See "Acquisition of Columbia Acquisition Rationale" and "Non-GAAP Financial Measures".

Financing the Acquisition

The Purchase Price and the expenses related to the Acquisition will be financed at the closing of the Acquisition, directly or indirectly, with a combination of some or all of the following: (i) net proceeds of the Offering, (ii) amounts drawn under the Acquisition Credit Facilities (as defined herein), and (iii) existing cash on hand and other sources available to the Corporation, including the planned monetization of the Corporation's U.S. Northeast merchant power assets and of a minority interest in its Mexican natural gas pipeline business. See "Acquisition of Columbia Financing the Acquisition" and "Consolidated Capitalization".

Selected Historical and *Pro Forma* Financial Information

The following tables set forth certain selected historical consolidated financial information as at December 31, 2015 and 2014 and selected unaudited *pro forma* condensed consolidated financial information for the year ended December 31, 2015.

The historical financial information has been derived from, and should be read in conjunction with our audited consolidated financial statements as at December 31, 2015 and 2014 and for each of the years in the three-year period ended December 31, 2015, which were prepared in accordance with U.S. GAAP, copies of which have been incorporated by reference in this prospectus and have been filed on our SEDAR profile at www.sedar.com, and the audited consolidated and combined financial statements of Columbia as of and for the years ended December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, which were prepared in accordance with U.S. GAAP and which are attached to this prospectus in Annex A.

The *pro forma* financial information has been derived from and should be read in conjunction with our unaudited *pro forma* condensed consolidated statement of income for the year ended December 31, 2015 and our unaudited *pro forma* condensed consolidated balance sheet as at December 31, 2015 which are attached to this prospectus in Annex A, reflecting in each case the Acquisition and certain other assumptions relating thereto, as described therein which are attached to this prospectus as Annex A. *Pro forma* adjustments assume that the Purchase Price

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and acquisition costs will be financed through proceeds from the sale of Subscription Receipts in the Offering, amounts drawn under the Acquisition Credit Facilities, and existing cash on hand and other sources available to the Corporation. The Acquisition Credit Facilities are intended to be repaid through the planned monetization of the Corporation's U.S. Northeast merchant power assets and of a minority interest in its Mexican natural gas pipeline business. The impact of this expected repayment is not included in the unaudited *pro forma* financial information. Such unaudited *pro forma* financial information has been derived from and should be read in conjunction with the Corporation's and Columbia's respective audited historical financial statements.

Historical and Unaudited *Pro Forma* Income Statement Items

	Year ended December 31,				
	2015	2014	2015	2014	2015
	TransCanada		Columbia		<i>Pro Forma</i> ⁽¹⁾
	(\$ millions, except		(U.S.\$ millions, except		(\$ millions, except
	per share amounts)		per share amounts)		per share
					amounts)
Revenues	11,300	10,185	1,335	1,348	13,009
Income from equity investments	440	522	61	47	518
Operating and other expenses					
Plant operating costs and other	3,250	2,973	705	752	4,152
Commodity purchases resold	2,237	1,836			2,237
Property taxes	517	473	75	67	613
Depreciation and amortization	1,765	1,611	140	119	1,958
Asset impairment charges	3,745				3,745
Loss/(Gain) on assets held for sale/sold	125	(117)	(53)	(35)	57
	11,639	6,776	867	903	12,762
Financial Charges	1,207	1,107	68	53	1,492
(Loss)/income before income taxes	(1,106)	2,824	461	439	(727)
Income tax expense	34	831	153	170	148
(Loss)/income from Discontinued Operations net of taxes			(1)	(1)	(1)
Net (loss)/income	(1,140)	1,993	307	268	(876)
Net income attributable to non-controlling interests	6	153	40		57
Net (loss)/income attributable to controlling interests	(1,146)	1,840	267	268	(933)
Preferred share dividends	94	97			94
Net (loss)/income attributable to common shares	(1,240)	1,743	267	268	(1,027)
EBITDA ⁽²⁾	1,866	5,542	668	610	2,722
Adjusted EBITDA ⁽²⁾	5,611				6,467

(1) Amounts relating to Columbia have been converted from U.S. dollars at the average exchange rate in effect during the reporting period. The incremental interest expense is a result of interest on the Acquisition Credit Facilities used to partially finance the Acquisition. See note 3 to the accompanying unaudited *pro forma* financial statements, included in Annex A hereto.

(2) EBITDA and Adjusted EBITDA are non-GAAP measures. See "Non-GAAP Financial Measures" and "Selected Historical and *Pro Forma* Financial Information Reconciliation of Non-GAAP Measures".

Historical and Unaudited *Pro Forma* Balance Sheet Items

As at December 31,				
2015	2014	2015	2014	2015
TransCanada		Columbia		<i>Pro Forma</i> ⁽¹⁾

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	(\$ millions)		(U.S.\$ millions)		(\$ millions)
Cash and cash equivalents	850	489	931	1	1,910
Total assets	64,483	58,525	10,056	8,158	86,861
Notes payable	1,218	2,467			1,218
Current portion of long-term debt	2,547	1,797		116	2,547
Long-term debt	29,037	22,960	2,746	1,473	42,845
Junior subordinated notes	2,422	1,160			2,422
Preferred shares	2,499	2,255			2,499
Common shareholder's equity	13,939	16,815	4,057	4,176	17,914

(1)

Amounts relating to Columbia have been converted from U.S. dollars at the exchange rate in effect as at December 31, 2015. See note 3 to the accompanying unaudited *pro forma* financial statements, included in Annex A hereto.

See "Selected Historical and *Pro Forma* Financial Information" and "Caution Regarding Unaudited *Pro Forma* Condensed Consolidated Financial Statements".

The Offering

Issuer:	TransCanada Corporation.
Amount:	Aggregate gross proceeds of \$4,209,000,000 (\$4,419,450,000 if the Over-Allotment Option is exercised in full).
Closing Date:	The Offering is currently expected to close on or about April 1, 2016, or such later date as the Corporation and the Underwriters may agree but in any event not later than April 6, 2016.
Issue and Price:	92,000,000 (96,600,000 if the Over-Allotment Option is exercised in full) Subscription Receipts at an issue price of \$45.75 per Subscription Receipt.
Automatic Exchange:	Each Subscription Receipt will entitle the holder thereof to receive automatically, upon the closing of the Acquisition, without any further action on the part of the holder thereof and without payment of additional consideration, one Common Share of the Corporation.
Dividend Equivalent Payment:	<p>Holders of Subscription Receipts will be entitled to Dividend Equivalent Payments in respect of, and paid concurrently with, any dividends on the Common Shares for which record dates occur during the period commencing on the Offering Closing Date to, but excluding, the last day on which the Subscription Receipts remain outstanding.</p> <p>Notwithstanding the foregoing, holders of Subscription Receipts of record at the close on April 15, 2016 will be entitled to a Dividend Equivalent Payment in respect of the \$0.565 per Common Share dividend payable by TransCanada on April 29, 2016 to Common Share holders of record at the close on March 31, 2016 even though the Subscription Receipt holders were not holders of record on the record date for such Common Share dividend.</p> <p>In addition, in the event that the Termination Time occurs after a dividend has been declared on the Common Shares but before the record date for such dividend, holders of Subscription Receipts will receive, as part of the Termination Payment, a pro rata Dividend Equivalent Payment in respect of such dividend declared on the Common Shares based on the ratio of the time between (i) the date of the prior Dividend Equivalent Payment (or, if none, the Offering Closing Date) and the Termination Time to (ii) the date of the prior Dividend Equivalent Payment (or, if none, the prior payment date for dividends on the Common Shares) and the dividend payment date for the dividend so declared. If the Termination Time occurs on a record date or following a record date but on or prior to the payment date, holders will be entitled to receive the full Dividend Equivalent Payment.</p> <p>Any Dividend Equivalent Payments will be made first out of any interest that has been credited or received on the Escrowed Funds and then out of the Escrowed Funds, and will be paid net of any applicable withholding taxes.</p> <p>See "Details of the Offering".</p>

Use of Proceeds:

The gross proceeds from the sale of the Subscription Receipts will, from the Offering Closing Date until the earlier of the delivery of the Escrow Release Notice and the Termination Time, be held in escrow by the Escrow Agent and invested pursuant to the terms of the Subscription Receipt Agreement (as defined herein) in interest-bearing deposits with banks and other financial institutions with issuer credit ratings from S&P of at least A, provided that Dividend Equivalent Payments may be made from the Escrowed Funds and the interest credited or received thereon from time to time, as described herein.

If the Escrow Release Notice is delivered prior to the Termination Time, the remaining Escrowed Funds (together with any remaining interest credited or received thereon), less any amounts required to satisfy any unpaid Dividend Equivalent Payments, will be released to, or as directed by, the Corporation and used, directly or indirectly, to pay a portion of the Purchase Price or to repay a portion of the indebtedness incurred to finance a portion of the Purchase Price.

See "Use of Proceeds".

Termination:

If the Escrow Release Notice is not delivered on or prior to the Termination Time or the Escrowed Funds are released pursuant to an Escrow Release Notice but subsequently returned to the Escrow Agent and no further Escrow Release Notice is delivered on or prior to the Termination Time, the Escrow Agent will pay to each holder of Subscription Receipts, commencing on the third business day following the Termination Time, an amount equal to (i) the aggregate issue price of such holder's Subscription Receipts, plus (ii) any unpaid Dividend Equivalent Payments owing to such holder of Subscription Receipts (the "Termination Payment").

The Termination Payment will be made from the balance of the Escrowed Funds at the Termination Time, including from interest credited or received on the Escrowed Funds, provided that if the balance of the Escrowed Funds, together with any such interest, are insufficient to cover the full amount of the Termination Payment, TransCanada will be required, under the Subscription Receipt Agreement, to pay to the Escrow Agent as agent on behalf of the holders of Subscription Receipts the deficiency if any, between the amount of Escrowed Funds, together with any such interest, at the Termination Time and the aggregate of the Termination Payments due to the holders of Subscription Receipts.

See "Details of the Offering".

Tax Considerations:

You should be aware that the purchase of Subscription Receipts may have tax consequences both in Canada and the U.S. See "Certain Canadian Income Tax Considerations" and "Certain U.S. Federal Income Tax Considerations".

Risk Factors:

Investing in the Subscription Receipts and the Common Shares issuable upon exchange thereof involves certain risks which should be carefully considered by prospective investors. See "Risk Factors".

Conflicts of Interest:

As described in "Use of Proceeds", a portion of the net proceeds of the Offering may be used, directly or indirectly, to repay a portion of the indebtedness incurred to finance a portion of the Purchase Price. See "Use of Proceeds". As a result, one or more of the Underwriters or their affiliates may receive more than 5% of the net proceeds of the Offering in the form of the repayment of such indebtedness. See "Plan of Distribution Conflicts of Interest".

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS

Except on the cover page and under the heading "Details of the Offering" and unless the context otherwise requires, all references in this prospectus to "we", "us", "our", or the "Corporation" refer to TransCanada and its subsidiaries, partnership interests and joint venture investments.

You should rely only on the information contained in this prospectus and the documents incorporated by reference herein. We have not, and the Underwriters have not, authorized any person to provide you with different information. If any person other than us provides you with different or inconsistent information you should not rely on it. We and the Underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and the documents incorporated by reference herein is accurate only as of their respective dates. Our business, properties, financial condition, results of operations and prospects may have changed since those dates.

Unless otherwise indicated, all financial information included and incorporated by reference in this prospectus has been prepared in accordance with U.S. GAAP.

EXCHANGE RATE DATA

We publish our consolidated financial statements in Canadian dollars. The consolidated financial statements of Columbia included in Annex A are presented in U.S. dollars. In this prospectus, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. References to "dollars" or "\$" are to lawful currency of Canada, and references to "U.S. dollars" and "U.S.\$" are to lawful currency of the U.S.

The following table sets forth certain exchange rates based on the noon rate as reported by the Bank of Canada. Such rates are set forth as U.S. dollars per Cdn.\$1.00 and are the inverse of noon rates quoted by the Bank of Canada for Canadian dollars per U.S.\$1.00. On March 17, 2016, the inverse of the noon rate reported by the Bank of Canada was U.S.\$0.7702 per Cdn.\$1.00.

	Year Ended December 31,		
	2015	2014	2013
High	0.8527	0.9422	1.0164
Low	0.7148	0.8589	0.9348
Average ⁽¹⁾	0.7820	0.9054	0.9710
Period end	0.7225	0.8620	0.9402

(1)

The average of the exchange rates on the last day of each month during the applicable period.

FORWARD-LOOKING INFORMATION

This prospectus and the documents incorporated by reference herein include "forward-looking information" and "forward-looking statements" (collectively, "forward-looking information") within the meaning of securities laws, including the "safe harbour" provisions of the *Securities Act* (Ontario), the *Securities Act* (Alberta) and the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the United States Securities Act of 1933, as amended (the "Securities Act"). The words "anticipate", "expect", "believe", "may", "will", "should", "estimate", "project", "outlook", "forecast", "intend", "target", "plan" or other similar words are used to identify such forward-looking information. Forward-looking information in this prospectus and in the documents incorporated by reference herein is intended to provide potential investors with information regarding us, including management's assessment of our future plans and financial outlook. Forward-looking information in this prospectus includes statements under the headings "Summary", "Recent Developments", "Acquisition of Columbia", "Use of Proceeds" and "Relationship Between the Corporation and Certain of the Underwriters". Forward-looking information in this prospectus and the documents incorporated by reference herein may include, but is not limited to, statements regarding:

anticipated business prospects;

our financial and operational performance, including the performance of our subsidiaries;

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expectations or projections about strategies and goals for growth and expansion;

expected cash flows and future financing options available to us;

expected costs for planned projects, including projects under construction and in development;

expected schedules for planned projects (including anticipated construction and completion dates);

expected regulatory processes and outcomes;

expected common share purchases under our normal course issuer bid;

expected dividends;

expected impact of regulatory outcomes;

expected outcomes with respect to legal proceedings, including arbitration and insurance claims;

expected capital expenditures and contractual obligations;

expected operating and financial results;

the expected impact of future accounting changes, commitments and contingent liabilities;

expected industry, market and economic conditions;

the planned Acquisition including the expected closing thereof and the expected benefits thereof;

plans regarding financing for the Acquisition;

anticipated borrowings under the Acquisition Credit Facilities;

repayment of the Acquisition Credit Facilities through planned divestitures;

the effect of the Acquisition on the Corporation's current credit ratings profile;

planned changes in the Corporation's business including the divestiture of certain assets;

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expected effect on our cash flow as a result of the termination of the PPAs (as defined herein);

expected impacts of the Acquisition on EBITDA composition, earnings, cash flow, dividend growth and other financial metrics;

transportation services to the liquified natural gas sector;

growth opportunities and modernization initiatives relating to Columbia's business; and

the timing of the distribution of the Subscription Receipts pursuant to the Offering, including the expected closing date of the Offering, and the distribution of Common Shares upon the closing of the Acquisition.

This forward-looking information reflects our beliefs and assumptions based on information available at the time the information was stated and as such is not a guarantee of future performance. By its nature, forward-looking information is subject to various assumptions, risks and uncertainties which could cause our actual results and achievements to differ materially from the anticipated results or expectations expressed or implied in such statements.

Key assumptions on which our forward-looking information is based include, but are not limited to, assumptions about:

the timing and completion of the Acquisition including receipt of regulatory and Columbia Stockholder Approval (as defined herein);

fulfillment by the Underwriters of their obligations pursuant to the Underwriting Agreement (as defined herein);

that no event will occur which would allow the Underwriters to terminate their obligations under the Underwriting Agreement;

the planned monetization of the Corporation's U.S. Northeast merchant power business and of a minority interest in its Mexican natural gas pipeline business;

inflation rates, commodity prices and capacity prices;

timing of financings and hedging;

regulatory decisions and outcomes;

foreign exchange rates;

interest rates;

tax rates;

planned and unplanned outages and the use of our and Columbia's pipeline and energy assets;

integrity and reliability of our and Columbia's pipeline and energy assets;

access to capital markets;

anticipated construction costs, schedules and completion dates;

acquisitions and divestitures; and

the realization of the anticipated benefits and synergies of the Acquisition to TransCanada including impacts on growth and accretion in various financial metrics.

The risks and uncertainties that could cause actual results or events to differ materially from current expectations include, but are not limited to:

our ability to successfully implement our strategic initiatives;

whether our strategic initiatives will yield the expected benefits;

the operating performance of our and Columbia's pipeline and energy assets;

amount of capacity sold and rates achieved in our and Columbia's pipeline business;

the availability and price of energy commodities;

the amount of capacity payments and revenues we receive from our energy business;

regulatory decisions and outcomes;

outcomes of legal proceedings, including arbitration and insurance claims;

performance and credit risk of our counterparties;

changes in market commodity prices;

changes in the political environment;

changes in environmental and other laws and regulations;

competitive factors in the pipeline and energy sectors;

construction and completion of capital projects;

costs for labour, equipment and material;

access to capital markets;

interest, tax and foreign exchange rates;

weather;

cybersecurity;

technological developments;

economic conditions in North America as well as globally;

uncertainty regarding the length of time to complete the Acquisition and uncertainty regarding the ability of TransCanada to realize the anticipated benefits of the Acquisition; and

the timing and execution of the Corporation's planned asset sales.

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Additional information on these and other factors is discussed in this prospectus and the documents incorporated by reference herein including in the 2015 MD&A (as defined herein) under the headings "Natural Gas Pipelines Business Risks", "Liquids Pipelines Business Risks", "Energy Business Risks" and "Other Information Risks and Risk Management", as may be modified or superseded by documents incorporated or deemed to be incorporated by reference in this prospectus.

Readers are cautioned against placing undue reliance on forward-looking information, which is given as of the date it is expressed in this prospectus or otherwise, and not to use future-oriented information or financial outlooks for anything other than their intended purpose. We undertake no obligation to publicly update or revise any forward-looking information in this prospectus or otherwise, whether as a result of new information, future events or otherwise, except as required by law.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC, under the Securities Act, a registration statement on Form F-10 relating to the Subscription Receipts. This prospectus, which constitutes a part of the registration statement, does not contain all of the information contained in the registration statement, certain items of which are contained in the exhibits to the registration statement as permitted by the rules and regulations of the SEC. Statements included or incorporated by reference in this prospectus about the contents of any contract, agreement or other document referred to are not necessarily complete, and in each instance, prospective investors should refer to the exhibits for a complete description of the matter involved. Each such statement is qualified in its entirety by such reference.

We file annual and quarterly financial information, material change reports, business acquisition reports and other material with the various securities commissions or similar authorities in each of the provinces and territories of Canada and with the SEC. Under the multijurisdictional disclosure system adopted by the U.S., documents and other information that we file with the SEC may be prepared in accordance with the disclosure requirements of Canada, which are different from those of the U.S. Prospective investors may read and download any public document that we have filed with the various securities commissions or similar authorities in each of the provinces and territories of Canada on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. Prospective investors may read and copy any document we have filed with the SEC at the SEC's public reference room in Washington D.C., and may also obtain copies of those documents from the public reference room of the SEC at 100 F Street, N.E., Washington, D.C. 20549 by paying a fee. Additionally, prospective investors may read and download some of the documents we have filed on the SEC's Electronic Data Gathering and Retrieval ("EDGAR") system web site at www.sec.gov.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this prospectus from documents filed with the securities commissions or similar authorities in Canada and with the SEC in the U.S.

The following documents, which were filed by us with the various securities commissions or similar authorities in each of the provinces and territories of Canada and with the SEC, are incorporated by reference into this prospectus:

- (a) audited comparative consolidated financial statements as at December 31, 2015 and 2014 and for each of the years in the three-year period ended December 31, 2015, the notes thereto, and the auditors' report thereon;
- (b) management's discussion and analysis of financial condition and results of operations as at and for the year ended December 31, 2015 (the "2015 MD&A");
- (c) annual information form for the year ended December 31, 2015 dated February 10, 2016 (the "Annual Information Form");
- (d) management information circular dated February 23, 2016 for the annual and special meeting of shareholders to be held on April 29, 2016;
- (e) management information circular dated March 2, 2015 for the annual and special meeting of shareholders held on May 1, 2015; and

(f)

the template version (as such term is defined in National Instrument 41-101 – General Prospectus Requirements) of the term sheet relating to the Offering dated March 17, 2016 (the "Term Sheet") and the template version of the investor presentation dated March 17, 2016 (the "Investor Presentation").

Any documents of the type referred to above, including all annual information forms, all information circulars, all annual and interim financial statements and management's discussion and analysis relating thereto, all material change reports (excluding confidential material change reports), press releases containing financial information for financial periods more recent than the most recent annual or interim financial statements, and any business acquisition reports subsequently filed by the Corporation with securities regulatory authorities in Canada after the date of this prospectus and prior to the completion or termination of the Offering shall be deemed to be incorporated by reference into this prospectus. These documents will be available through the internet on SEDAR, which can be accessed at www.sedar.com. In addition, any similar documents filed by us with the SEC in our periodic reports on Form 6-K or annual report on Form 40-F, and any other documents filed with or furnished to the SEC pursuant to Section 13(a), 13(c) or 15(d) of the Exchange Act, in each case after the date of this prospectus and prior to the termination of the offering of Subscription Receipts hereunder, shall be deemed to be incorporated by reference into the registration statement of which this prospectus forms a part, if and to the extent expressly provided in such reports. Our periodic reports on Form 6-K and our annual reports on Form 40-F are available on EDGAR at www.sec.gov.

Any statement contained in this prospectus or in a document incorporated, or deemed to be incorporated, by reference in this prospectus shall be deemed to be modified or superseded, for the purposes of this prospectus, to the extent that a statement contained in this prospectus or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference in this prospectus modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this prospectus, except as so modified or superseded.

MARKETING MATERIALS

The template version of the Term Sheet and the template version of the Investor Presentation do not form part of this prospectus to the extent that the contents thereof have been modified or superseded by a statement contained in the final prospectus.

Any "template version" of "marketing materials" (as those terms are defined in National Instrument 41-101 – General Prospectus Requirements) filed by the Corporation under National Instrument 44-101 – Short Form Prospectus Distributions in connection with the Offering after the date of this prospectus and before termination of the Offering, will be deemed to be incorporated by reference into this prospectus.

PRESENTATION OF FINANCIAL INFORMATION

The financial statements of the Corporation incorporated by reference in this prospectus are reported in Canadian dollars and have been prepared in accordance with U.S. GAAP. All financial information of Columbia included in this prospectus is reported in U.S. dollars and has been derived from audited historical financial statements of Columbia that were prepared in accordance with U.S. GAAP. The assets and liabilities of Columbia shown in the unaudited *pro forma* condensed consolidated balance sheet of the Corporation as at December 31, 2015 are reported in Canadian dollars and reflect the U.S. dollar-to-Canadian dollar period-end closing exchange rate. The revenues and expenses of Columbia shown in the unaudited *pro forma* condensed consolidated statements of earnings of the Corporation for the year ended December 31, 2015 are reported in Canadian dollars and reflect the average U.S. dollar-to-Canadian dollar exchange rate for such period. Financial information in this prospectus that has been derived from the unaudited *pro forma* condensed consolidated financial statements has been translated to Canadian dollars on the same basis. Certain tables containing financial information in this prospectus may not add due to rounding.

NON-GAAP FINANCIAL MEASURES

Certain information presented, or incorporated by reference, in this prospectus with respect to the Corporation and Columbia includes certain financial measures that do not have any standardized meaning as prescribed by U.S. GAAP and therefore may not be comparable to similar measures presented by other entities. Prospective purchasers are cautioned that these measures should not be construed as an alternative to U.S. GAAP-based audited consolidated financial statements.

We use EBITDA as an approximate measure of pre-tax operating cash flow. It measures earnings before deducting financial charges, income tax, depreciation and amortization, net income attributable to non-controlling interests and preferred share dividends, and includes income from equity investments.

Adjusted EBITDA reflects an adjustment to TransCanada's EBITDA and *pro forma* EBITDA for the year ended December 31, 2015 of \$3,745 million related to (i) a non-cash impairment charge incurred by TransCanada of \$3,686 million (\$2,891 million after-tax) relating to Keystone XL and related projects, including the Keystone Hardisty Terminal, in connection with the November 6, 2015 denial of the U.S. Presidential permit, and (ii) a non-cash impairment charge incurred by TransCanada of \$59 million (\$43 million after-tax) relating to certain energy turbine equipment previously purchased for a power development project that did not proceed, each as recorded in the Corporation's audited consolidated financial statements as at December 31, 2015. Management believes that Adjusted EBITDA is a useful measure for evaluating our historical and unaudited *pro forma* financial results, given the exceptional nature of these one-time asset impairment charges. See "Selected Historical and *Pro Forma* Financial Information Reconciliation of Non-GAAP Financial Measures".

CAUTION REGARDING UNAUDITED *PRO FORMA* CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

This prospectus contains the unaudited *pro forma* condensed consolidated financial statements of the Corporation comprised of the condensed consolidated balance sheet of the Corporation as at December 31, 2015 and the condensed and consolidated statement of income of the Corporation for the year ended December 31, 2015, giving effect to: (i) the Offering, assuming no exercise of the Over-Allotment Option; (ii) the issuance of Common Shares upon the exchange of the Subscription Receipts; (iii) the Acquisition Credit Facilities; and (iv) the completion of the Acquisition. Such unaudited *pro forma* condensed consolidated financial statements have been prepared using certain of the Corporation's and Columbia's respective historical financial statements as more particularly described in the notes to such unaudited *pro forma* condensed consolidated financial statements. In preparing such unaudited *pro forma* condensed consolidated financial statements, the Corporation makes no representation or warranty as to the accuracy or completeness regarding the financial statements of Columbia that were used to prepare the unaudited *pro forma* condensed consolidated financial statements. Such unaudited *pro forma* condensed consolidated financial statements are not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual amounts recorded upon the finalization of the Purchase Price allocation under the Acquisition may differ from the amounts reflected in such unaudited *pro forma* condensed consolidated financial statements. Since the unaudited *pro forma* condensed consolidated financial statements have been developed to retroactively show the effect of a transaction that has or is expected to occur at a later date (even though this was accomplished by following generally accepted practice using reasonable assumptions), there are limitations inherent in the very nature of *pro forma* data. The data contained in the unaudited *pro forma* condensed consolidated financial statements represents only a simulation of the potential financial impact of the Corporation's acquisition of Columbia. Undue reliance should not be placed on such unaudited *pro forma* condensed consolidated financial statements. See "Forward-Looking Information" and "Risk Factors".

RISK FACTORS

An investment in the Subscription Receipts offered hereunder (and the Common Shares which they are expected to be exchanged for) involves certain risks. In addition to the other information contained in this prospectus, and in the documents incorporated by reference herein, prospective purchasers of Subscription Receipts should consider carefully the risk factors set forth below.

Risks Related to the Subscription Receipts and Common Shares

Subscription Receipt Structure

The Subscription Receipts will be automatically exchanged for Common Shares upon the closing of the Acquisition. TCPL may, in its sole discretion, waive certain closing conditions in its favour in the Merger Agreement or agree to amend the Merger Agreement and consummate the Acquisition on terms that may be different from those described in this prospectus. As a result, the expected benefits of the Acquisition may not be fully realized. See "Acquisition of Columbia Merger Agreement" in this prospectus. As a consequence, holders of Subscription Receipts will essentially assume the same risk as though they had invested directly in Common Shares on the Offering Closing Date.

Market for Securities

There is currently no market through which the Subscription Receipts may be sold and purchasers of Subscription Receipts may not be able to resell the Subscription Receipts purchased under this prospectus. The price offered to the public for the Subscription Receipts and the number of Subscription Receipts to be issued have been determined by negotiations among the Corporation and the Underwriters. The price paid for each Subscription Receipt may bear no relationship to the price at which the Subscription Receipts may trade in the public market subsequent to this Offering. The Corporation cannot predict at what price the Subscription Receipts will trade and there can be no assurance that an active trading market will develop for the Subscription Receipts or, if developed, that such market will be sustained. The Corporation has applied to the TSX to list the Subscription Receipts offered under this prospectus and the Common Shares issuable upon the exchange of the Subscription Receipts. The Corporation has also applied to the NYSE to list the Common Shares issuable upon exchange of the Subscription Receipts. Listings will be subject to the Corporation fulfilling all the listing requirements of the TSX and the NYSE, as applicable. There can be no assurance that the Subscription Receipts will be accepted for listing on the TSX or that the Common Shares issuable upon exchange of the Subscription Receipts will be accepted for listing on the TSX or the NYSE.

Market Price

The market price of the Subscription Receipts and the Common Shares issuable upon exchange of the Subscription Receipts may fluctuate due to a variety of factors relative to the Corporation's business, including announcements of new developments, fluctuations in the Corporation's operating results, sales of the Subscription Receipts or the Common Shares issuable upon exchange of the Subscription Receipts in the marketplace, failure to meet analysts' expectations, public announcements made in regard to this Offering, the impact of various tax laws or rates and general market conditions or the worldwide economy. In recent years, stock markets have experienced significant price fluctuations, which have been unrelated to the operating performance of the affected companies. There can be no assurance that the market price of the Subscription Receipts and the Common Shares issuable upon exchange of the Subscription Receipts will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Corporation's performance.

Dividends

Dividends on the Common Shares, and accordingly, the Dividend Equivalent Payment that may be receivable in respect of the Subscription Receipts, may fluctuate. The board of directors of the Corporation reviews the financial performance of the Corporation quarterly and makes a determination of the appropriate level of dividends to be declared in the following quarter. Currently, the Corporation's payment of dividends on the Common Shares is funded from dividends the Corporation receives as the sole common shareholder of TCPL. Provisions of various trust indentures and credit arrangements to which TCPL is a party restrict TCPL's ability to declare and pay dividends to the Corporation under certain circumstances and, if such restrictions

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apply, they may, in turn, have an impact on the Corporation's ability to declare and pay dividends on the Common Shares. In addition, the Corporation's ability to pay dividends following the Acquisition could be adversely affected if the free cash flow resulting from the Acquisition does not materialize as expected when coupled with the potentially dilutive effect of the additional Common Shares issued in exchange for the Subscription Receipts issued in this Offering.

Monies in Escrow

The proceeds of the Offering will be held in escrow pending delivery of the Escrow Release Notice or the occurrence of the Termination Time. There can be no assurance that the conditions for the release of the Escrowed Funds will be satisfied on or prior to the Termination Time.

Upon satisfaction of the Escrow Release Condition prior to the Termination Time, the Escrowed Funds may be released to the Corporation in accordance with the terms of the Subscription Receipt Agreement up to six Business Days prior to the anticipated closing of the Acquisition. There is a possibility, however, that after such release the Acquisition will not close prior to the Termination Time and in such event the Corporation will be contractually required to return the Escrowed Funds to the Escrow Agent. Additionally, the Dividend Equivalent Payments payable to Subscription Receipt holders will be paid from the Escrowed Funds and the interest credited or received thereon. If the balance of the Escrowed Funds, together with any interest received or credited, are insufficient to cover the full amount of the Termination Payment, TransCanada will be required, under the Subscription Receipt Agreement, to pay to the Escrow Agent as agent on behalf of the holders of Subscription Receipts the deficiency if any, between the amount of Escrowed Funds, together with any such interest, at the Termination Time and the aggregate of the Termination Payments due to the holders of Subscription Receipts. In either case, holders of Subscription Receipts will be required to rely on the Corporation to repay such funds as sufficient amounts will no longer be held in escrow.

Information provided by Columbia

All information relating to Columbia in this prospectus is based on public filings by Columbia. Although the Corporation has conducted what it believes to be a prudent and thorough level of investigation in connection with the Acquisition, an unavoidable level of risk remains regarding the accuracy and completeness of such information.

Historical Financial Information and Pro Forma Financial Information

The historical financial information relating to Columbia included in this prospectus, including such information used to prepare the *pro forma* financial information, has been derived on a historical basis from the historical accounting records of Columbia. The historical financial information may not reflect what Columbia's financial position, results of operations or cash flows would have been had the Corporation owned all of the outstanding shares of capital stock of Columbia during the period presented or what the Corporation's financial position, results of operations or cash flows will be in the future. The historical financial information does not contain any adjustments to reflect changes that may occur in the Corporation's cost structure, financing and operations as a result of the Acquisition.

In preparing the *pro forma* financial information in this prospectus, the Corporation has given effect to, among other items, the Offering and the completion of the Acquisition. The assumptions and estimates underlying the *pro forma* financial information may be materially different from the Corporation's actual experience going forward. See "Caution Regarding Unaudited *Pro Forma* Condensed Consolidated Financial Statements" and "Forward-Looking Information".

Risks Relating to the Acquisition

Closing of the Acquisition

It is expected that the Offering Closing Date will occur prior to the Acquisition Closing Date. The closing of the Acquisition is subject to certain conditions, including that all waiting periods applicable to the Acquisition under the HSR Act shall have expired or been terminated, receipt of Columbia Stockholder Approval and receipt of CFIUS Clearance and the satisfaction or waiver of other customary closing conditions. See "Acquisition of Columbia Merger Agreement". TCPL intends to consummate the Acquisition within six

Business Days of meeting such conditions. However, there can be no assurance that such conditions to the closing of the Acquisition will be satisfied on schedule or at all. As such, there is no assurance that the Acquisition will be completed or, if completed, will be on the terms disclosed in this prospectus. If the Escrow Release Notice is not delivered on or prior to 5:00 p.m. (Calgary time) on the Outside Date or if a Termination Event occurs, the Escrow Agent will return or pay, as applicable, the Termination Payment to each holder of Subscription Receipts, and if, after such Termination Payment, there is any interest remaining, the Escrow Agent shall pay such remaining interest credited or received on the Escrowed Funds to the Corporation. Accordingly, holders of Subscription Receipts would not participate in any growth in the trading price of the Common Shares and would be restricted from using the funds devoted to the purchase of the Subscription Receipts for any other investment opportunities until such funds are returned. See "Details of the Offering".

A substantial delay in obtaining regulatory approvals or the imposition of unfavourable terms and/or conditions in such approvals could have a material adverse effect on the Corporation's ability to complete the Acquisition and on the Corporation's or Columbia's business, financial condition or results of operations.

In addition, in the event that regulatory agencies impose unfavourable terms and/or conditions on the Corporation or Columbia (such as a requirement to sell or divest of certain assets or limitations on the future conduct of the combined entities), the Corporation may still be required to complete the transaction on the terms set forth in the Merger Agreement.

Unexpected Costs or Liabilities Related to the Acquisition

Although the Corporation conducted what it believed to be a prudent and thorough level of investigation in connection with the Acquisition, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or issues concerning, Columbia. Following the Acquisition, the Corporation may discover that it has acquired substantial undisclosed liabilities. In addition, the Corporation may be unable to retain existing Columbia customers or employees following the Acquisition. Following the closing of the Acquisition, the Corporation will have no right to claim indemnification under the Merger Agreement for any such events. The existence of undisclosed liabilities, the Corporation's inability to retain existing Columbia customers or employees and the inability to claim indemnification could, however, have an adverse impact on the Corporation's business, financial condition, results of operations and cash flows.

Although the Merger Agreement contains covenants on the part of Columbia regarding the operation of its business prior to closing the Acquisition, the Corporation will not control Columbia and its subsidiaries until completion of the Acquisition and the Columbia business and results of operations may be adversely affected by events that are outside of the Corporation's control during the intervening period. Historic and current performance of Columbia's business and operations may not be indicative of success in future periods. The future performance of Columbia may be influenced by, among other factors, economic downturns, increased environmental regulation, turmoil in financial markets, unfavourable regulatory decisions, rising interest rates and other factors beyond the Corporation's control. As a result of any one or more of these factors, among others, the operations and financial performance of Columbia may be negatively affected during such period which may adversely affect the future financial results of the Corporation.

Integration of Columbia

The ability to realize the anticipated benefits of the Acquisition will depend in part on the Corporation successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on the ability of the Corporation to realize the anticipated growth and potential synergies from integrating Columbia's business into the Corporation's current operations following the Acquisition. To effectively integrate Columbia into its current operations, the Corporation must establish appropriate operational, administrative, finance, management systems and controls and marketing functions relating to Columbia. This will require substantial attention from the Corporation's management team. This diversion of management attention, as well as any other difficulties which the Corporation may encounter in completing the transition and integration process, could have an adverse impact on the Corporation's business, financial condition, results of operations and cash flows. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the ability of the Corporation to achieve all or some of the anticipated benefits of the Acquisition. There

can be no assurance that the Corporation will be successful in integrating Columbia's operations, or that the expected benefits will be realized.

Foreign Currency Exposure

After giving effect to the Acquisition, a significantly increased portion of the Corporation's earnings and net assets will be denominated in U.S. dollars. Accordingly, fluctuations in exchange rates between the Canadian and U.S. dollar may have an increased adverse effect on the Corporation's results and financial condition. Future events that may significantly increase or decrease the risk of future movement in the exchange rates for these currencies cannot be predicted.

Failure to Realize the Anticipated Benefits of the Acquisition

The Corporation believes that the Acquisition will provide certain benefits to the Corporation and its shareholders. There is, however, a risk that some or all of the expected benefits of the Acquisition may fail to materialize, or may not occur within the time periods anticipated by the Corporation. The realization of such benefits may be affected by a number of factors including those disclosed in this prospectus and the documents incorporated by reference herein, many of which are beyond the control of the Corporation. If the Acquisition fails to provide the results that the Corporation anticipates, the Acquisition could materially and adversely affect the Corporation and its financial results.

Increased Indebtedness

If the Acquisition is completed on the terms contemplated in the Merger Agreement, the Corporation anticipates that the Borrowers (as defined herein) will borrow up to U.S.\$10.3 billion under the Acquisition Credit Facilities, subject to utilizing alternative sources of financing. Such borrowings will represent a significant increase in the Corporation's consolidated indebtedness. Such additional indebtedness will increase the Corporation's interest expense and debt service obligations and may have a negative effect on the Corporation's results of operations. In addition, all of Columbia's existing indebtedness will be included in the Corporation's consolidated indebtedness upon closing of the Acquisition. As of December 31, 2015, Columbia and its subsidiaries had U.S.\$2.8 billion in outstanding indebtedness, comprised of U.S.\$2.75 billion in aggregate principal amount of its senior notes and U.S.\$15 million under Columbia MLP's (as defined herein) credit facility.

The Corporation's existing and future level of debt, including the addition of Columbia's and Columbia MLP's future level of debt, could have important consequences to the Corporation, including the following:

the Corporation's ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms;

the funds that the Corporation has available for operations and payment of dividends to shareholders will be reduced by that portion of the Corporation's cash flow required to make principal and interest payments on outstanding debt; and

the Corporation's debt level could make the Corporation more vulnerable than its competitors with less debt to competitive pressures or a downturn in the Corporation's business or the economy generally.

The Corporation's ability to service its increased debt will depend upon, among other things, its future financial and operating performance, which will be affected by prevailing economic conditions, interest rate fluctuations and financial, business, regulatory and other factors, some of which are beyond the Corporation's control. If the Corporation's operating results are not sufficient to service its current or future indebtedness, the Corporation may be forced to take actions such as reducing dividends, reducing or delaying business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt, or seeking additional equity capital. It is currently contemplated that a portion of the Acquisition Credit Facilities will be repaid from the proceeds of asset sales within 24 months following completion of the Acquisition. The Corporation may not be able to effect any of these actions on satisfactory terms, or at all.

The Corporation currently has an investment grade credit rating from Standard & Poor's Rating Service, Moody's Investor Service and DBRS. However, its credit ratings could be lowered or withdrawn entirely by a

rating agency if, in its judgment, the circumstances warrant. The increased indebtedness of the Corporation arising from the Acquisition could be a factor considered by ratings agencies in downgrading the Corporation's credit rating. If a rating agency were to downgrade the Corporation's rating below investment grade, the Corporation's borrowing costs would increase and its funding sources could decrease. In addition, a failure by the Corporation to maintain an investment grade credit rating could affect its business relationships with suppliers and operating partners. A credit downgrade could also adversely affect the availability and cost of capital needed to fund the growth investments that are a central element of the Corporation's long-term business strategy.

Significant Transaction and Related Costs

The Corporation expects to incur a number of costs associated with completing the Acquisition and integrating the operations of the Corporation and Columbia. The substantial majority of such costs will be non-recurring expenses resulting from the Acquisition and will consist of transaction costs related to the Acquisition, facilities and systems consolidation costs and employment-related costs. Additional unanticipated costs may be incurred in the integration of the Corporation and Columbia's respective businesses.

Risks Related to Columbia

The principal business of Columbia is the operation of natural gas pipelines and natural gas storage facilities and, accordingly, the Corporation believes, based on its investigation in connection with the Acquisition and subject to the risk factor noted above under "Risks Relating to the Acquisition – Unexpected Costs or Liabilities Related to the Acquisition", that the risk factors relating to Columbia's business are generally the same as those disclosed by the Corporation under the headings "Natural Gas Pipelines – Business Risks" and "Other Information – Risks and Risk Management" in the 2015 MD&A.

In addition, certain aspects of Columbia's business and structure which are specific to Columbia may present additional risks to the combined business of the Corporation following the completion of the Acquisition. Additional risks specifically related to Columbia are described below.

Marcellus and Utica basin supply for downstream connecting pipelines

Columbia's natural gas pipelines and transmission infrastructure assets depend largely on supply from the Marcellus and Utica basins. We will monitor any changes in Columbia's customers' gas production plans and how these changes may impact Columbia's existing assets and growth projects. There is competition for this supply from several pipelines within the basin. An overall decrease in production and/or competing demand for supply could impact throughput on pipelines connected to the Marcellus and Utica basins that, in turn, could impact future overall revenues generated. The amount actually produced from the Marcellus and Utica basins depends on many variables, including the price of natural gas, basin-on-basin competition, downstream pipeline tolls, demand within the basins and the overall value of the reserves, including liquids content.

Concentration of Business with Key Customers

Columbia is subject to risks of loss resulting from non-performance or non-renewal by its customers. Columbia depends on certain key customers for a significant portion of its revenues. In addition, Columbia is making significant capital expenditures to expand its existing assets and construct new energy infrastructure based on long-term contracts with customers, including natural gas producers who may be adversely impacted by sustained low commodity prices. Columbia's credit support arrangements may not be adequate to fully eliminate customer credit risk. The Corporation may not be able to effectively remarket capacity related to nonperforming customers. The deterioration in the creditworthiness of Columbia's customers or the failure of its customers to meet their contractual obligations could have an adverse effect on the Corporation's business, results of operations, financial condition, growth plans and ability to pay dividends to its shareholders.

Execution of Capital Projects

Columbia has embarked on a significant expansion of their pipeline systems. The Corporation's ability to achieve targeted returns depends on delivering projects on time and on budget. Execution of these major projects can be affected by delays in permitting, development and/or construction which may impact capital

costs. Additionally, there are certain termination rights within the shipping contracts which are triggered if milestones are not achieved by certain dates.

The cost of executing these projects may be higher than budgeted. Cost overruns are partially borne by Columbia under the shipping contracts which will ultimately affect actual returns associated with the project or project(s).

Aging Pipeline Systems

The Columbia Gulf Transmission, LLC ("Columbia Gulf") and Columbia Gas Transmission, LLC ("Columbia Gas Transmission") pipeline systems have been in operation for many years, with some portions of these pipelines being more than 50 years old. Segments of the Columbia Gulf and Columbia Gas Transmission pipeline systems are located in or near areas determined to be high consequence areas. Columbia implements integrity management testing of the pipelines that it operates, including the Columbia Gulf and Columbia Gas Transmission pipelines, and it repairs, remediates or replaces segments on those pipelines as necessary when anomaly conditions are identified during the integrity testing process or are determined to have occurred during the course of operations. TransCanada expects to invest significant capital over the next several years to replace aging infrastructure, including replacement of the relatively older pipe found on the Columbia Gas Transmission system. If, due to their age, these pipeline sections were to become unexpectedly unavailable for current or future volumes of natural gas because of repairs, damage, spills or leaks, or any other reason, it could have a material adverse impact on the Corporation's financial condition and results of operation.

Tax Treatment of Distribution

NiSource (as defined herein) received an opinion from its counsel confirming the tax-free status of the distribution of Columbia common stock to NiSource stockholders (the "Distribution"). NiSource's receipt of the opinion was a condition to the completion of the Distribution. The opinion was based upon various factual representations and assumptions, as well as certain undertakings made by Columbia and NiSource. If any of those factual representations or assumptions are untrue or incomplete in any material respect, any undertaking is not complied with, or the facts upon which the opinion was based are materially different from the facts at the time of the Distribution, the Distribution may not qualify for tax-free treatment. Opinions of counsel are not binding on the Internal Revenue Service ("IRS") or the courts. As a result, the conclusions expressed in an opinion of counsel could be challenged by the IRS, and if the IRS prevails in such challenge, the tax consequences could have an adverse effect on Columbia, NiSource or the Corporation.

If the Distribution ultimately is determined to be taxable, NiSource would recognize gain in an amount equal to the excess of the fair market value of the shares of Columbia's common stock distributed to NiSource stockholders on the date of the Distribution over NiSource's tax basis in such shares as of such date. Under the terms of the Tax Allocation Agreement that Columbia entered into in connection with the Distribution (the "Tax Allocation Agreement"), in the event that the Distribution were determined to be taxable as the result of actions taken after the Distribution by Columbia or any of its subsidiaries, Columbia would be responsible for all taxes imposed on NiSource as a result thereof. In addition, in the event the Distribution were determined to be taxable and neither Columbia nor NiSource were at fault, Columbia would be responsible for a portion of the taxes imposed on NiSource as a result of such determination. Any such tax amounts could be significant.

Indemnification Obligations and Assumption of Liabilities from the Distribution

Pursuant to the Separation and Distribution Agreement entered into between Columbia and NiSource in connection with the Distribution (the "Separation and Distribution Agreement") and certain other agreements, NiSource agreed to indemnify Columbia from certain liabilities and Columbia agreed to indemnify NiSource for certain liabilities. Claims made against Columbia under such indemnities could have a significant adverse impact on the Corporation.

Columbia negotiated all of its agreements with NiSource relating to the Separation as a wholly owned subsidiary of NiSource. If these agreements had been negotiated with unaffiliated third parties, they might have been more favorable to Columbia. Pursuant to the Separation and Distribution Agreement, Columbia assumed all past, present and future liabilities (other than certain tax liabilities which will be governed by the Tax Allocation Agreement) related to Columbia's business, and agreed to indemnify NiSource for these liabilities,

among other matters. Such liabilities include unknown liabilities that could be significant. The allocation of assets and liabilities between NiSource and Columbia may not reflect the allocation that would have been reached between two unaffiliated parties. In addition, Columbia has limited remedies under the Separation and Distribution Agreement. See Note 1A, "Company Structure and Basis of Presentation" in the audited Notes to Columbia's Consolidated and Combined Financial Statements at Annex A to this prospectus for a description of these obligations and the allocation of liabilities between NiSource and Columbia.

Third parties may seek to hold Columbia responsible for retained liabilities of NiSource. Under the agreements Columbia entered into with NiSource, NiSource agreed to indemnify Columbia for claims and losses relating to these retained liabilities. However, if those liabilities are significant and Columbia is ultimately held liable for them, it cannot be assured that the Corporation will be able to recover the full amount of Columbia's losses from NiSource.

Under the Separation and Distribution Agreement, NiSource is obligated to indemnify Columbia for losses that a party may seek to impose upon Columbia or its affiliates for liabilities relating to the business of NiSource that are incurred through a breach of the Separation and Distribution Agreement or any ancillary agreement by NiSource or its affiliates other than Columbia or its post-Separation affiliates, or losses that are attributable to NiSource in connection with the Separation or are not expressly assumed by Columbia under its agreements with NiSource. Immediately following the Separation, any claims made against Columbia that are properly attributable to NiSource in accordance with these arrangements would require Columbia to exercise its rights under its agreements with NiSource to obtain payment. Upon completion of the Acquisition, the Corporation is exposed to the risk that, in these circumstances, NiSource cannot, or will not, make the required payment.

Potential Treatment of Distribution as Fraudulent Conveyance

A court could deem the Distribution or certain internal restructuring transactions undertaken by NiSource in connection with the Separation to be a fraudulent conveyance or transfer. Fraudulent conveyances or transfers are defined to include transfers made or obligations incurred with the actual intent to hinder, delay or defraud current or future creditors or transfers made or obligations incurred for less than reasonably equivalent value when the debtor was insolvent, or that rendered the debtor insolvent, inadequately capitalized or unable to pay its debts as they become due. A court could void the transactions or impose substantial liabilities upon Columbia, which could adversely affect the Corporation's results of operations, cash flows and financial condition. Among other things, the court could require the Corporation, as shareholder of Columbia, to return to NiSource, for the benefit of its creditors, some or all of the shares of Columbia's common stock issued in the Distribution, or require Columbia to fund liabilities of other companies involved in the restructuring transaction. Whether a transaction is a fraudulent conveyance or transfer under applicable state law may vary depending upon the jurisdiction whose law is being applied.

THE CORPORATION

The Corporation was incorporated pursuant to the provisions of the *Canada Business Corporations Act* (the "CBCA") on February 25, 2003 in connection with a plan of arrangement which established the Corporation as the parent company of TCPL. All of the outstanding common shares of TCPL are owned by the Corporation.

We operate our business in three segments: Natural Gas Pipelines, Liquids Pipelines and Energy. Natural Gas Pipelines and Liquids Pipelines are principally comprised of our respective natural gas and oil pipelines in Canada, the U.S. and Mexico as well as our regulated natural gas storage operations in the U.S. Energy includes our power operations and the non-regulated natural gas storage business in Canada.

Our principal subsidiaries as of December 31, 2015 are indicated in the diagram under the heading "TransCanada Corporation Intercorporate Relationships" in the Annual Information Form.

TransCanada operates a network of natural gas pipelines that extends more than 67,000 km (42,000 miles), tapping into virtually all major gas supply basins in North America. TransCanada is one of the continent's largest providers of gas storage and related services with 368 Bcf of storage capacity. TransCanada owns or has interests in over 13,100 megawatts of power generation in Canada and the United States. TransCanada operates one of North America's largest liquids delivery systems.

TransCanada is developing quality projects under our long-term capital program. These long-life infrastructure assets are supported by long-term commercial arrangements with creditworthy counterparties or regulated business models and are expected to generate significant growth in earnings and cash flow.

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TransCanada's capital program includes \$13.5 billion of near-term projects highlighted in the table below and \$48 billion of commercially secured medium term and longer term projects. Such amounts exclude the impact of foreign exchange, capitalized interest and allowance for funds used during construction.

Project	Estimated Project Cost (\$ billions) ⁽¹⁾	Expected In-Service Date
Houston Lateral & Terminal	U.S. 0.6	2016
Topolobampo	U.S. 1.0	2016
Mazatlan	U.S. 0.4	2016
Grand Rapids Phase 1	0.9	2017
Northern Courier	1.0	2017
Tuxpan-Tula	U.S. 0.5	2017
Canadian Mainline	0.7	2016-2017
NGTL System	5.4	2016-2018
Napanee	1.0	2017 or 2018
Bruce Power Life Extension	1.2	2016-2020
Total Canadian \$ Equivalent⁽²⁾	13.5	

(1) TransCanada share in billions of dollars. Certain projects are subject to various conditions including corporate and regulatory approvals.

(2) Reflects foreign exchange rate of \$1.32 per U.S.\$1.00 at March 11, 2016.

RECENT DEVELOPMENTS

Acquisition of Columbia

On March 17, 2016, the Corporation announced the entering into of the Merger Agreement. See "Acquisition of Columbia".

Alberta Power Purchase Arrangements

On March 7, 2016, the Corporation announced plans to terminate its Alberta Power Purchase Arrangements ("PPAs") by exercising a right thereunder that permits termination of the PPAs if there is a change in law that makes the agreements unprofitable. The Corporation expects that unprofitable market conditions will continue as costs related to CO₂ emissions have increased and they are expected to continue to increase over the remaining term of the PPAs.

The Corporation expects the termination of the PPAs will improve its cash flow and comparable earnings in the near term, but will result in a non-cash charge of approximately \$235 million pre-tax (\$175 million after-tax) for the fiscal quarter ended March 31, 2016 which represents the remaining net book value associated with the Corporation's original investment in the PPAs. This termination affects the Sheerness, Sundance A and Sundance B PPAs.

ACQUISITION OF COLUMBIA

On March 17, 2016, the Corporation announced that TCPL, TransCanada Holdco and Merger Sub, and the Corporation (for the limited purpose of providing representations and warranties, pursuing regulatory approvals and obtaining financing for the Acquisition), had entered into an agreement to acquire Columbia through a merger of Merger Sub with and into Columbia for a total Purchase Price of U.S.\$10.25 billion, which, together with approximately U.S.\$2.75 billion of assumed debt, constitutes a total transaction value of approximately U.S.\$13 billion. The Purchase Price represents a 11% premium to the closing price of shares of Columbia

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common stock on the NYSE of U.S.\$23.00 as of March 16, 2016 and a 32% premium to the volume-weighted average price over the last 30 days. The Acquisition is expected to close shortly after the later of the expiration or termination of the applicable waiting period in connection with the Acquisition under the HSR Act, the receipt of Columbia Stockholder Approval, the receipt of CFIUS Clearance and the satisfaction or waiver of other customary closing conditions, provided that this date occurs on or prior to the Acquisition Outside Date, subject to any extensions of the Acquisition Outside Date in accordance with the terms of the Merger Agreement.

Acquisition Rationale

TransCanada views this acquisition as a major part of a series of planned business changes, including the planned monetization of its U.S. Northeast merchant power business and of a minority interest in its Mexican natural gas pipeline business (as described under " Financing of the Acquisition") that, taken together will significantly transform the Corporation's business and position it to generate significant growth, while maintaining its financial strength and flexibility. The highlights of the Acquisition include:

Creates one of North America's largest regulated natural gas transmission businesses linking the continent's fastest growing natural gas supply basins to its most attractive markets

Results in a combined \$23 billion portfolio of secured, near-term growth projects

Expected to be accretive to earnings per share in first full year of ownership and thereafter as the combined \$23 billion of near-term commercially secured projects enter service

Increases 2015 adjusted pro-forma EBITDA from regulated and long-term contracted assets to approximately 92 per cent

Planned monetization of U.S. Northeast merchant power assets would further enhance stability and predictability of revenue streams

Supports and may augment targeted 8 to 10 per cent expected annual dividend growth through 2020

Funding program designed to be consistent with current financial profile

Targeted annual cost, revenue and financing benefits of approximately U.S.\$250 million

The charts below show the sources of adjusted *pro forma* EBITDA in 2015.

*

EBITDA adjusted for asset impairment charges of \$3,745 million as described under "Selected Historical and *Pro Forma* Financial Information - Reconciliation of Non-GAAP Financial Measures".

**

Includes Columbia, but does not reflect the planned monetization of the Corporation's U.S. Northeast merchant power assets and of a minority interest in its Mexican natural gas pipeline business or the anticipated Acquisition benefits and costs. See "Selected Historical and *Pro Forma* Financial Information".

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Columbia's assets include one of the largest interstate natural gas pipeline systems in the United States, providing transportation, storage and related services to a variety of customers in the U.S. Northeast, Midwest, Mid-Atlantic and Gulf Coast regions. This extensive, competitively-positioned, growing network of regulated natural gas pipeline and storage assets in the Marcellus and Utica shale gas regions complements TransCanada's existing North American footprint (see "Columbia Description of Columbia's Business"). Combined, the 91,000 km (56,900 mile) natural gas pipeline system connects North America's supply basins to markets across the continent. The combination will result in 664 Bcf of storage capacity, including Columbia's system capacity of 296 Bcf. TransCanada will be well positioned to transport North America's natural gas supply to liquefied natural gas terminals for export to international markets.

Columbia is currently advancing U.S.\$5.6 billion of commercially secured growth projects that are subject to normal regulatory and permitting processes. The majority of these projects are within existing infrastructure corridors and are more cost competitive and expected to be easier to execute than comparable greenfield projects. They are also underpinned by long-term contracts and expected to generate growth in earnings as they enter service. Under an agreement with customers, additional growth is also anticipated from approximately U.S.\$1.7 billion of modernization initiatives to be implemented through 2021. The combined U.S.\$7.3 billion of growth initiatives, which are supported by predictable and growing revenue streams, are expected to support and may augment future dividend growth.

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TransCanada expects the Acquisition, net of associated financing and the planned monetization of the Corporation's U.S. Northeast merchant power assets and of a minority interest in its Mexican natural gas pipeline business, to be accretive to earnings per share in the first full year of ownership. Looking forward, TransCanada's \$13.5 billion portfolio of commercially-secured near-term growth opportunities together with Columbia's \$9.6 billion (U.S.\$7.3 billion) portfolio of commercially secured near-term projects, are expected to create long-term shareholder value.

Merger Agreement

On March 17, 2016, TCPL, TransCanada Holdco and Merger Sub, all direct or indirect subsidiaries of the Corporation, and the Corporation (for the limited purposes of providing representations and warranties, pursuing regulatory approvals and obtaining the financing for the Acquisition) entered into the Merger Agreement with Columbia, which provides for, among other things, the Acquisition of Columbia by TCPL, indirectly through the merger of Merger Sub with and into Columbia, with Columbia continuing as the surviving corporation. Set forth below is a summary of the material provisions of the Merger Agreement. This summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the full text of the Merger Agreement, a copy of which will be filed with Canadian securities regulatory authorities on SEDAR at www.sedar.com and with the SEC at www.edgar.com. This summary of the Merger Agreement is not intended to be, and should not be relied upon as, disclosure of any facts and circumstances relating to the Corporation or Columbia.

The Merger and Merger Consideration

In accordance with the terms of and subject to the conditions set forth in the Merger Agreement, at the effective time of the closing of the Acquisition, Merger Sub will merge with and into Columbia (the "Merger") with Columbia continuing as the surviving corporation, and each issued and outstanding share of Columbia common stock will be cancelled and (other than Columbia treasury stock or shares of Columbia common stock held directly or indirectly by the Corporation) converted automatically into the right to receive U.S.\$25.50 in cash, without interest (the "Per Share Merger Consideration"). In addition, all of the equity awards under Columbia's benefit plans will vest and be converted into the right to receive the Per Share Merger Consideration for each share of Columbia common stock underlying such equity awards. The aggregate amount of Per Share Merger Consideration to be paid, including with respect to equity awards under Columbia's benefit plans (the details of which are set out below), is approximately U.S.\$10.25 billion in cash and does not include the outstanding long term debt of Columbia of approximately U.S.\$2.75 billion. The Merger Agreement also provides for the vesting and termination of outstanding equity based awards, subject to certain conditions.

Representations and Warranties

Under the Merger Agreement, each of Columbia, the Corporation, TCPL, TransCanada Holdco and Merger Sub have made various representations and warranties.

Columbia's representations and warranties relate to, among other things: the organization, standing and power of Columbia and its subsidiaries; Columbia's subsidiaries and joint ventures; capital structure; authority to enter into the Merger Agreement and consummate the transactions contemplated by the Merger Agreement; noncontravention; Columbia and Columbia MLP's public company reporting and compliance obligations and financial statements; undisclosed liabilities; absence of certain changes or events; litigation; contracts; compliance with law; permits; labour and employment matters; employee benefit matters; taxes; environmental matters; insurance; real estate matters; intellectual property; regulatory matters; related party transactions; voting requirements to approve the Merger Agreement and the transactions contemplated by the Merger Agreement; brokers and other advisors; opinions of financial advisors; and the applicability of state takeover protection statutes.

The representations and warranties of the Corporation, TCPL, TransCanada Holdco and Merger Sub relate to, among other things: organization, standing and power of the Corporation, TCPL, TransCanada Holdco and Merger Sub; authority to enter into the Merger Agreement and consummate the transactions contemplated by the Merger Agreement; noncontravention; litigation; brokers and other advisors; the operations and ownership of Merger Sub; ownership of Columbia common stock; debt financing; access to information; CFIUS; and compliance with laws and permits.

Covenants

Columbia, the Corporation, TCPL, TransCanada Holdco and Merger Sub have made covenants governing the conduct of the parties to the Merger Agreement during the period between the signing of the Merger Agreement and the closing of the Acquisition, at the closing of the Acquisition, and after the closing of the Acquisition.

Conduct of Business

Columbia has agreed, among other things, from the date of the Merger Agreement until the closing of the Acquisition to, and to cause its subsidiaries to, except as otherwise contemplated by the Merger Agreement or with the prior written consent of TCPL, conduct its business in the ordinary course consistent with past practices and to use commercially reasonable efforts to preserve its current business organizations and to preserve in all material respects its relationships and goodwill with governmental entities, customers, suppliers, creditors, lessors, lessees, officers and employees.

The Merger Agreement also contains specific restrictive covenants as to certain restricted activities of Columbia and its subsidiaries (subject, in certain cases, to specified exceptions, including an exception related to a drop-down transaction involving Columbia MLP) which require TCPL's consent, including, but not limited to: (i) paying dividends; (ii) certain changes to the corporate structure and capital stock of Columbia or its subsidiaries; (iii) engaging in certain transactions with respect to the shares, equity or other related securities of Columbia or its subsidiaries; (iv) amending organizational documents; (v) acquiring or selling assets with a value greater than \$10 million; (vi) taking certain actions with respect to the indebtedness of Columbia or any of its subsidiaries; (vii) making capital expenditures in the aggregate in excess of \$40 million in any three month period (other than those set forth in Columbia's capital expenditures plan, among other exceptions); (viii) settling certain kinds of claims; (ix) modifying, terminating or entering into certain types of Material Contracts (as defined in the Merger Agreement); (x) terminating any material permit or allowing a material permit to lapse; and (xi) making or agreeing to make certain changes to insurance policies.

Deal Protections

The Merger Agreement provides that Columbia is restricted from initiating, soliciting, negotiating, facilitating or engaging in discussions with respect to or providing any information to any person relating to an "Acquisition Proposal" (as defined in the Merger Agreement), except that Columbia may engage in discussions and provide information with respect to "Acquisition Proposals" that constitute or are reasonably likely to constitute a "Superior Proposal" (as defined in the Merger Agreement) and for which Columbia's board of directors determines in good faith (after consultation with its outside advisors) that failure to take such actions would reasonably be expected to result in a breach of its fiduciary duties under applicable law. In addition, the board of directors of Columbia is restricted from changing its recommendation regarding the Acquisition or supporting another Acquisition Proposal, except in respect of an Intervening Event (as defined in the Merger Agreement) or a Superior Proposal (but subject in each case to certain notice and matching rights granted to TCPL under the Merger Agreement) for which Columbia's board of directors determines in good faith (after consultation with its outside advisors) that failure to take such action would be inconsistent with its fiduciary duties under applicable law. Furthermore, Columbia has a right to terminate the Merger Agreement in favour of a Superior Proposal, but subject to certain notice and matching rights granted to TCPL under the Merger Agreement and the good faith determination by Columbia's board of directors (after consultation with its outside advisors) that failure to take such action would be inconsistent with its fiduciary duties under applicable law.

Regulatory Approvals

The Merger Agreement provides that Columbia, the Corporation and TCPL shall cooperate with each other and use their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on their part under the Merger Agreement and applicable law to consummate and make effective the Merger and the other transactions contemplated by the Merger Agreement as soon as practicable, including, but not limited to, preparing and filing as promptly as practicable all documentation to effect all necessary notices, reports and other filings and to obtain as promptly as practicable all consents, registrations, approvals, permits and authorizations necessary or advisable to be

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obtained from any third party and/or any governmental entity, including any government antitrust authority, in order to consummate the Merger or any of the other transactions contemplated by the Merger Agreement. The Merger Agreement also includes specific covenants with respect to filings under the HSR Act and with respect to filings with the Committee on Foreign Investment in the United States ("CFIUS"), including a covenant that the Corporation will take all actions to consummate and make effective the Merger and the other transactions contemplated by the Merger Agreement as soon as practicable, and obtain clearance under the HSR Act and obtain the CFIUS Clearance, except, in each case, to the extent that such actions would have a material adverse effect on Columbia and its subsidiaries or the Corporation and its subsidiaries.

Post-Closing Covenants

Under the Merger Agreement, TCPL and TransCanada Holdco have agreed, subject to certain specified exceptions and limitations, to provide continuing levels of compensation and certain benefits of the employees of Columbia and its subsidiaries until December 31, 2017 and to recognize the past service of such employees for the purposes of their entitlements under the Corporation's applicable employee benefit plans. TCPL has also agreed to indemnify the directors and officers of Columbia from certain liabilities in connection with their service as directors and officers of Columbia or any of its subsidiaries. In addition, TCPL has agreed to use commercially reasonable efforts to continue division-related headquarter functions in Charleston, West Virginia and to maintain employment levels and community presence in certain locations in the U.S. until the second anniversary of the closing date.

Closing Conditions

The Acquisition is subject to a number of customary closing conditions, including, but not limited to, the approval of the Merger Agreement by holders of a majority of Columbia's common stock ("Columbia Stockholder Approval"), the expiry or early termination of the waiting period under the HSR Act, completion of the clearance process undertaken by the Committee on Foreign Investment in the United States under the *Defense Production Act of 1950* ("CFIUS Clearance") and the absence of a "Material Adverse Effect" (as defined in the Merger Agreement).

Termination

The Merger Agreement may be terminated prior to the closing in certain circumstances, including if the Merger is not consummated on or before the Acquisition Outside Date; provided, however, that if additional time is necessary in order to obtain expiry or early termination of the waiting period under the HSR Act, the Acquisition Outside Date may be automatically extended for two additional three month periods.

In the event that the Merger Agreement is terminated (i) by Columbia to accept a Superior Proposal, (ii) (A) by TCPL or Columbia for failure to obtain the Columbia Stockholder Approval or failure to close by the Acquisition Outside Date or (B) by TCPL for Columbia's material breach of the Merger Agreement and, in each case, Columbia subsequently consummates or enters into an agreement with respect to an Acquisition Proposal within twelve months of such termination or (iii) by TCPL for a change of recommendation by Columbia's board or Columbia's breach of the no-shop covenant included in the Merger Agreement, Columbia has agreed to pay a termination payment of U.S.\$309 million. If the Merger Agreement is terminated in certain other circumstances, Columbia has agreed to reimburse TCPL's reasonable out-of-pocket expenses up to U.S.\$40 million.

Financing of the Acquisition

The Purchase Price and the expenses related to the Acquisition will be financed at the closing of the Acquisition, directly or indirectly, with a combination of some or all of the following: (i) net proceeds of the Offering, (ii) amounts drawn under the Acquisition Credit Facilities, and (iii) existing cash on hand and other sources available to the Corporation, including the planned monetization of the Corporation's U.S. Northeast merchant power assets and a minority interest in its Mexican natural gas pipeline business. The Offering is expected to comprise U.S.\$3.2 billion to U.S.\$3.3 billion of the long term financing for the Acquisition. An additional approximately U.S.\$7.1 billion of the Purchase Price, which may initially be funded through the Acquisition Credit Facilities, will ultimately be satisfied by the sale of a whole or partial interest in certain of TransCanada's existing assets within the 24 month period following the earlier of the funding date of the

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Acquisition Credit Facilities or the Acquisition Closing Date. The remainder, if any, of the Purchase Price is expected to be financed from existing cash on hand and other sources available to the Corporation, including normal course financing activities.

The Corporation expects that with the Offering, it will have fulfilled its common equity financing goals with respect to the Acquisition.

The Corporation's overall financing plan in respect of the Acquisition is designed to be consistent with the Corporation's current financial profile.

See "Risk Factors" for a discussion of certain risks relating to the financing of the Acquisition.

Acquisition Credit Facilities

For purposes of financing the Purchase Price, on March 17, 2016, TCPL engaged Royal Bank of Canada, JPMorgan Chase Bank, N.A., The Toronto-Dominion Bank, Wells Fargo Bank, N.A. and certain of their respective affiliates to provide, on a fully underwritten basis, senior unsecured bridge term loan credit facilities in an aggregate principal amount of up to U.S.\$10.3 billion (the "Acquisition Credit Facilities"). The Acquisition Credit Facilities consist of (i) an equity bridge term loan credit facility in an aggregate principal amount of U.S.\$3.2 billion (the "Equity Bridge Facility"), (ii) an asset sale bridge term loan credit facility (the "Cdn. Asset Sale Bridge Facility"), and (iii) an asset sale bridge term loan credit facility (the "U.S. Asset Sale Bridge Facility" and together with the Cdn. Asset Sale Bridge Facility, the "Asset Sale Bridge Facilities"). The aggregate principal amount of the Asset Sale Bridge Facilities is U.S.\$7.1 billion. TransCanada Holdco will be the borrower under the U.S. Asset Sale Bridge Facility and TCPL will be the borrower under the remainder of the Acquisition Credit Facilities and will be a guarantor under the U.S. Asset Sale Bridge Facility (TCPL and TransCanada Holdco, together, the "Borrowers").

The Asset Sale Bridge Facilities are intended to be repaid through the sale of the Corporation's U.S. Northeast merchant power assets, comprised of Ravenswood, Ironwood, Ocean State Power, TC Hydro and Kibby Wind. These assets provide electricity supply to commercial, industrial and institutional customers in Massachusetts, Rhode Island, Maine, New Hampshire, Connecticut, Pennsylvania and New York. The Corporation also intends to monetize a portion of the Corporation's Mexican natural gas pipeline business, which currently includes the Guadalajara Pipeline which connects to an LNG regasification facility located near Manzanillo on the Pacific Coast of Mexico, and the Tamazunchale Pipeline, a natural gas pipeline in east Central Mexico that connects facilities of Mexico's state-owned petroleum company to natural gas power generation plants near Tamazunchale, Mexico and other projects under construction or development.

The Equity Bridge Facility will mature 364 days following the earlier of the funding date and the Acquisition Closing Date and the Asset Sale Bridge Facilities will mature 24 months following the earlier of the funding date and the Acquisition Closing Date.

The credit agreement or agreements pursuant to which the Acquisition Credit Facilities will be extended (the "Acquisition Credit Agreement") will contain certain prepayment options in favour of the Borrowers and certain mandatory prepayment obligations upon the occurrence of certain events. In particular, the Borrowers will be required to effect reductions or make certain mandatory prepayments of the Acquisition Credit Facilities, which will permanently reduce the commitments of the lenders and/or require the mandatory repayment of indebtedness under the Acquisition Credit Facilities, in an amount equal to the net cash proceeds from: (i) any issuance of equity and/or subscription receipts or other equity securities by the Corporation or any of its subsidiaries, other than pursuant to certain prescribed exceptions, including to fund projected capital expenditures, (ii) any issuance of debt securities or incurrence of other indebtedness for borrowed money by the Corporation or any of its subsidiaries, other than certain prescribed exceptions (including amounts borrowed from time to time under existing credit facilities and commercial paper programs or to fund projected capital expenditures), and (iii) all asset sales or other dispositions of property by the Corporation or any of its subsidiaries, subject to certain prescribed exceptions.

The Acquisition Credit Agreement will contain (i) customary representations and warranties and affirmative and negative covenants of the Borrowers that will be nearly identical to those in TCPL's existing credit agreement dated October 14, 2011, and (ii) certain additional representations and warranties as are customary for acquisition financings of the nature contemplated by the Acquisition Credit Facilities. The

drawdown of the Acquisition Credit Facilities will also be subject to certain customary conditions for acquisition financings of the nature contemplated by the Acquisition Credit Facilities.

Customary fees for acquisition financings of the nature contemplated by the Acquisition Credit Facilities are payable by the Borrowers and amounts outstanding under the Acquisition Credit Facilities will bear interest at rates as are market for acquisition financings of the nature contemplated by the Acquisition Credit Facilities.

COLUMBIA

Columbia is a growth-oriented Delaware corporation which was formed by NiSource Inc. ("NiSource") on September 26, 2014 to own, operate and develop a portfolio of pipeline, storage and related midstream assets. On July 1, 2015, NiSource distributed, pursuant to an effective registration statement on Form 10, 317.6 million shares, one share of Columbia common stock for every one share of NiSource common stock held by NiSource stockholders on the record date. Columbia has been an independent, publicly traded company since July 1, 2015. Columbia's common stock trades under the ticker symbol "CPGX" on the NYSE. On December 7, 2015, Columbia completed the issuance of 82.2 million common shares including 10,725,000 common shares that were issued pursuant to the exercise in full of the underwriters' over-allotment option. Columbia received net proceeds of U.S.\$1,394.7 million, net of underwriting discounts and estimated expenses of the offering of approximately U.S.\$42.2 million.

Columbia owns approximately 15,000 miles (24,140 km) of strategically located interstate natural gas pipelines extending from New York to the Gulf of Mexico and one of the U.S.'s largest underground natural gas storage systems, with approximately 296 Bcf of working gas capacity, as well as related gathering and processing assets. For the year ended December 31, 2015, 94.6% of Columbia's revenue, excluding revenues generated from cost recovery under certain regulatory tracker mechanisms, was generated under firm revenue contracts. As of December 31, 2015, these contracts had a weighted average remaining contract life of 4.8 years. Columbia owns these assets through CPG OpCo LP ("Columbia OpCo"), a partnership between Columbia's wholly owned subsidiary Columbia Energy Group ("CEG") and Columbia Pipeline Partners LP ("Columbia MLP"). Columbia MLP is a fee-based, growth-oriented Delaware limited partnership formed to own, operate and develop a portfolio of pipelines, storage and related midstream assets.

Through its wholly owned subsidiary CEG, Columbia owns the general partner of Columbia MLP, all of Columbia MLP's incentive distribution rights and all of Columbia MLP's subordinated units, which, in the aggregate, represent a 46.5% limited partner interest in Columbia MLP. Columbia MLP completed its initial public offering on February 11, 2015, selling 53.5% of its limited partner interests.

Organizational Structure

The following is a simplified diagram of Columbia's ownership structure, including key operating subsidiaries:

Description of Columbia's Business

Interstate Pipeline and Storage Assets.

Columbia owns the Federal Energy Regulatory Commission ("FERC") regulated natural gas transportation and storage assets described below.

Columbia Gas Transmission

Columbia Gas Transmission owns and operates a FERC-regulated interstate natural gas transportation pipeline and storage system, which has historically largely operated as a means to transport gas from the Gulf Coast, via Columbia Gulf, from various pipeline interconnects, and from production areas in the Marcellus/Utica region to markets in the Midwest, Atlantic, and Northeast regions. As Marcellus and Utica shale gas production has grown, Columbia Gas Transmission's operations and assets also have grown due to the increased production within the pipeline's operating area. As the market continues to evolve, Columbia Gas Transmission is in various phases of execution and construction on a multitude of growth projects to help move the growing production of gas out of the Marcellus and Utica shale plays and into on-system markets in the northeast and mid-Atlantic markets as well as off-system markets in the Gulf Coast.

Columbia Gas Transmission's pipeline system consists of 11,272 miles (18,141 km) of natural gas transmission pipeline. It has a transportation capacity of approximately 10 Bcf/day, transports an average of approximately 3.9 Bcf/day and serves communities in Delaware, Kentucky, Maryland, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Virginia and West Virginia. Columbia Gas Transmission owns and leases approximately 819,500 acres (331,639 hectares) of underground storage, 3,432 storage wells, which includes 35 storage fields in four states with approximately 620 Bcf in total operational capacity, with approximately 286 Bcf of working gas capacity.

Columbia also owns a 47.5% ownership interest in Millennium Pipeline, which transports an average of 1.1 Bcf/day of natural gas primarily sourced from the Marcellus shale to markets across southern New York and the lower Hudson Valley, as well as to the New York City market through its pipeline interconnections. Millennium Pipeline has access to the Northeast Pennsylvania Marcellus shale natural gas supply and is pursuing growth opportunities to expand its system. The Millennium Pipeline system consists of approximately 253 miles (407 km) of natural gas transmission pipeline and three compressor stations with over 43,000 horsepower of installed capacity. Columbia Gas Transmission acts as operator of Millennium Pipeline, and DTE Millennium Company and National Grid Millennium LLC each own an equal remaining share of Millennium Pipeline.

Columbia Gulf

The Columbia Gulf pipeline system is a FERC-regulated interstate natural gas transportation pipeline system, which consists of 3,341 miles (5,377 km) of natural gas transmission pipeline and transports an average of approximately 1.5 Bcf/day. The system offers shippers access to two actively traded market hubs – the Columbia Gulf Mainline Pool and the Columbia Gulf Onshore Pool. In addition, Columbia Gulf interconnects with the Henry Hub in South Louisiana and the Columbia Gas Transmission Pool near Leach, Kentucky. Through its interstate and intrastate pipeline interconnections, Columbia Gulf provides upstream supply to serve growing markets in the mid-atlantic, midwest, Florida and southeast. Columbia Gulf also has a project underway that will connect its system with the Cameron LNG export facility. In addition, Columbia Gulf recently reconfigured its system so that it can reverse flow on one of its three pipelines. Flows on the other two pipelines will be reversed as part of expansion projects that are underway.

Gathering, Processing and Other Assets.

Through Columbia's ownership interests in Columbia OpCo, Columbia owns the gathering, processing and other assets described below.

Columbia Midstream

Columbia Midstream Group, LLC ("Columbia Midstream") provides natural gas producer services including gathering, treating, conditioning, processing, compression and liquids handling in the Marcellus/Utica

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Basins. Columbia Midstream owns approximately 123 miles (198 km) of natural gas gathering pipeline and one compressor station with 6,800 horsepower of installed capacity and also owns a 47.5% ownership interest in Pennant Midstream, LLC, which owns approximately 49 miles (79 km) of natural gas gathering pipeline infrastructure, a cryogenic processing plant and a 36 mile (58 km) NGL pipeline. Columbia Midstream supports the growing production in the Utica and Marcellus resource plays.

Current System Expansion Opportunities

The unique location and capabilities of Columbia's pipeline assets place it in a strategically advantageous position to continue to capitalize on production from the Marcellus and Utica shales. According to the U.S. Energy Information Administration, production in the Marcellus and Utica shale regions grew from approximately 2.7 Bcf/day of natural gas in 2010 to approximately 19.6 Bcf/day in 2015, and, according to IHS CERA, natural gas production in these regions is anticipated to grow to above 30 Bcf/day by the end of 2020. To that end, Columbia has recently placed into service or is currently pursuing significant expansion projects that are underpinned by long-term contracts and expected to generate growth in earnings as they enter service, the most significant of which include:

Gibraltar Pipeline Project. Columbia expects to invest approximately U.S.\$270 million to construct an approximately 1 Bcf/day dry gas header pipeline in southwest Pennsylvania. Columbia expects this to be the first of multiple phases with a projected initial in-service date in the fourth quarter of 2016.

Leach XPress. This project, which has been filed with the FERC, will provide approximately 1.5 Bcf/day of capacity from the Marcellus and Utica production regions to the Leach compressor station located on the Columbia Gulf system, TCO Pool, and other markets on the Columbia Gas Transmission system. Columbia expects the project, which involves an estimated investment of approximately U.S.\$1.4 billion, to be placed into service in the fourth quarter of 2017.

Rayne XPress. This project, which has been filed with the FERC, will transport approximately 1 Bcf/day of southwest Marcellus and Utica production from the Leach, Kentucky interconnect with Columbia Gas Transmission towards the Rayne compressor station in southern Louisiana to reach various Gulf Coast markets. Columbia expects the project, which involves an estimated investment of approximately U.S.\$380 million, to be placed into service in the fourth quarter of 2017.

Cameron Access Project. This project, which has been approved by the FERC, and involves an investment of approximately U.S.\$310 million, will provide 0.8 Bcf/day of transportation capacity on the Columbia Gulf system to the Cameron LNG export terminal in Louisiana. Columbia expects the project to be placed into service in the first quarter of 2018.

WB XPress. This project, which has been filed with the FERC, and involves an investment of approximately U.S.\$850 million, will expand Columbia Gas Transmission's WB system in order to transport approximately 1.3 Bcf/day of Marcellus production to pipeline interconnects and East Coast markets, including access to the Cove Point LNG terminal. Columbia expects this project to be placed into service in the fourth quarter of 2018.

Mountaineer XPress. This approximately U.S.\$2.0 billion project, which has not yet been filed with the FERC, will provide new takeaway capacity for Marcellus and Utica production. The project will provide up to 2.7 Bcf/day of firm transportation capacity on the Columbia Gas Transmission system. Columbia expects this project to be placed into service in the fourth quarter of 2018.

Gulf XPress. This project, which has not yet been filed with the FERC, will provide 0.9 Bcf/day of firm transportation capacity for Marcellus and Utica production on the Columbia Gulf system. This project involves an investment of approximately U.S.\$0.7 billion and is expected by Columbia to be placed into service in the fourth quarter of 2018.

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The schematic below illustrates the expected gas flow direction and capacity of each of the growth projects described above (other than the Gibraltar Pipeline Project):

(1) Shaded area represents the Marcellus and Utica shale gas production areas.

In 2013, the FERC approved the modernization settlement entered into by Columbia Gas Transmission and its customers that provided recovery and return on an investment of up to U.S.\$1.5 billion over a five-year period to modernize its system to improve system integrity and enhance service reliability and flexibility. The modernization program includes, among other things, replacement of aging pipeline and compressor facilities, enhancements to system inspection capabilities and improvements in control systems. In January 2016, the FERC approved Columbia Gas Transmission's third annual filing for recovery under this program. Columbia Gas Transmission has placed approximately U.S.\$937 million in modernization investments into service as of February 2016. The remaining U.S.\$0.6 billion of modernization investment is expected to be placed into service in 2017 and 2018.

In December 2015, Columbia Gas Transmission filed an extension of this settlement and has requested FERC's approval of the customer agreement by March 31, 2016. This extension will allow Columbia Gas Transmission to invest an additional U.S.\$1.1 billion over an additional three-year period through 2020, with expected in-service dates in 2019 through 2021. This new agreement also expands the scope of facility investments covered by the program to include storage facilities.

SELECTED HISTORICAL AND *PRO FORMA* FINANCIAL INFORMATION

The following tables set forth certain selected historical consolidated financial information as at December 31, 2015 and 2014 (the "Historical Financial Information") and selected unaudited *pro forma* condensed consolidated financial information for the year ended December 31, 2015 (the "*Pro forma* Financial Information").

The Historical Financial Information has been derived from, and should be read in conjunction with our audited consolidated financial statements as at December 31, 2015 and 2014 and for each of the years in the three-year period ended December 31, 2015, which were prepared in accordance with U.S. GAAP, copies of which have been incorporated by reference in this prospectus and have been filed on our SEDAR profile at www.sedar.com, and the audited consolidated and combined financial statements of Columbia as of and for the years ended December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, which were prepared in accordance with U.S. GAAP and which are attached to this prospectus in Annex A (the "Columbia Financial Statements").

The *Pro Forma* Financial Information has been derived from and should be read in conjunction with our unaudited *pro forma* condensed consolidated statement of income for the year ended December 31, 2015 and our unaudited *pro forma* condensed consolidated balance sheet as at December 31, 2015 reflecting in each case the Acquisition and certain other assumptions relating thereto, as described therein which are attached to this prospectus in Annex A (the "Unaudited *Pro Forma* Financial Statements"). *Pro forma* adjustments assume that the Purchase Price and acquisition costs will be financed through proceeds from the sale of Subscription Receipts, amounts drawn under Acquisition Credit Facilities, existing cash on hand and other sources available to the Corporation. The Acquisition Credit Facilities are intended to be repaid through the planned monetization of the Corporation's U.S. Northeast merchant power assets and of a minority interest in its Mexican natural gas pipeline business. The impact of this expected repayment is not included in the unaudited *pro forma* financial information. The Unaudited *Pro Forma* Financial Statements have been derived from and should be read in conjunction with the Corporation's historical audited financial statements and the Columbia Financial Statements.

See "Caution Regarding Unaudited *Pro Forma* Condensed Consolidated Financial Statements".

Historical and Unaudited *Pro Forma* Statement of Income Statement Items

	Year ended December 31,				
	2015	2014	2015	2014	2015
	TransCanada (\$ millions, except per share amounts)		Columbia (U.S.\$ millions, except per share amounts)		<i>Pro Forma</i> ⁽¹⁾ (\$ millions, except per share amounts)
Revenues	11,300	10,185	1,335	1,348	13,009
Income from equity investments	440	522	61	47	518
Operating and other expenses					
Plant operating costs and other	3,250	2,973	705	752	4,152
Commodity purchases resold	2,237	1,836			2,237
Property taxes	517	473	75	67	613
Depreciation and amortization	1,765	1,611	140	119	1,958
Asset impairment charges	3,745				3,745
Loss/(Gain) on assets held for sale/sold	125	(117)	(53)	(35)	57
	11,639	6,776	867	903	12,762
Financial Charges	1,207	1,107	68	53	1,492
(Loss)/income before income taxes	(1,106)	2,824	461	439	(727)
Income tax expense	34	831	153	170	148
(Loss)/income from Discontinued Operations net of taxes			(1)	(1)	(1)
Net (loss)/income	(1,140)	1,993	307	268	(876)
Net income attributable to non-controlling interests	6	153	40		57
Net (loss)/income attributable to controlling interests	(1,146)	1,840	267	268	(933)
Preferred share dividends	94	97			94
Net (loss)/income attributable to common shares	(1,240)	1,743	267	268	(1,027)
EBITDA ⁽²⁾	1,866	5,542	668	610	2,722
Adjusted EBITDA ⁽²⁾	5,611				6,467

(1) Amounts relating to Columbia have been translated from U.S. dollars at the average exchange rate in effect during the reporting period. The incremental interest expense is a result of interest on the Acquisition Credit Facilities used to partially finance the Acquisition. See note 3 to the accompanying unaudited *pro forma* financial statements, included in Annex A hereto.

(2) EBITDA and Adjusted EBITDA are non-GAAP measures. See "Non-GAAP Financial Measures" and "Selected Historical and *Pro Forma* Financial Information Reconciliation of Non-GAAP Measures".

Historical and Unaudited *Pro Forma* Balance Sheet Items

	As at December 31,				
	2015	2014	2015	2014	2015
	TransCanada (\$ millions)		Columbia (U.S.\$ millions)		<i>Pro Forma</i> ⁽¹⁾ (\$ millions)
Cash and cash equivalents	850	489	931	1	1,910
Total assets	64,483	58,525	10,056	8,158	86,861
Notes payable	1,218	2,467			1,218
Current portion of long-term debt	2,547	1,797		116	2,547
Long-term debt	29,037	22,960	2,746	1,473	42,845
Junior subordinated notes	2,422	1,160			2,422
Preferred shares	2,499	2,255			2,499
Common shareholder's equity	13,939	16,815	4,057	4,176	17,914

(1)

Amounts relating to Columbia have been translated from U.S. dollars at the exchange rate in effect as at December 31, 2015. See note 3 to the accompanying unaudited *pro forma* financial statements, included in Annex A hereto.

Reconciliation of Non-GAAP Financial Measures

The following table reconciles net (loss)/income to EBITDA and EBITDA to Adjusted EBITDA based on the audited financial statements of the Corporation and Columbia for the periods indicated and on the unaudited *pro forma* condensed consolidated financial statements, included in Annex A hereto.

	Year ended December 31,				
	2015	2014	2015	2014	2015
	TransCanada (\$ millions)		Columbia (U.S.\$ millions)		<i>Pro Forma</i> (\$ millions)
Net (loss)/income	(1,140)	1,993	307	268	(876)
Depreciation and amortization	1,765	1,611	140	119	1,958
Financial charges	1,207	1,107	68	53	1,492
Income tax expense	34	831	153	170	148
EBITDA	1,866	5,542	668	610	2,722
Adjustment for asset impairment charges ⁽¹⁾	3,745				3,745
Adjusted EBITDA	5,611				6,467

(1)

See "Non-GAAP Financial Measures".

USE OF PROCEEDS

The gross proceeds from the Offering will, from the Offering Closing Date until the earlier of the delivery of the Escrow Release Notice and the Termination Time, be held in escrow by the Escrow Agent and invested pursuant to the terms of the Subscription Receipt Agreement (as defined herein) in interest-bearing deposits with banks and other financial institutions with issuer credit ratings from Standard & Poor's ("S&P") of at least A, provided that Dividend Equivalent Payments may be made from the Escrowed Funds and the interest credited or received thereon from time to time, as described herein (see "Details of the Offering").

If the Escrow Release Notice is delivered prior to the Termination Time, the remaining proceeds from the sale of the Subscription Receipts, (together any remaining interest credited or received thereon), less any amounts required to satisfy any unpaid Dividend Equivalent Payments, will be released by the Escrow Agent to or as directed by the Corporation and will be used, directly or indirectly, to pay a portion of the Purchase Price or to repay a portion of the indebtedness incurred to finance a portion of the Purchase Price.

If the Escrow Release Notice is not delivered on or prior to the Termination Time, the Escrow Agent will pay to each holder of Subscription Receipts, commencing on the third business day following the Termination Time, as the case may be, the Termination Payment. The Termination Payment will be made from the balance of the Escrowed Funds at the Termination Time, including from interest credited or received on the Escrowed Funds, provided that if the balance of the Escrowed Funds, together with any such interest, are insufficient to cover the full amount of the Termination Payment, under the Subscription Receipt Agreement, TransCanada will be required to pay to the Escrow Agent as agent on behalf of the holders of Subscription Receipts the deficiency if any, between the amount of Escrowed Funds, together with any such interest, at the Termination Time and the aggregate of the Termination Payments due to the holders of Subscription Receipts. See "Details of the Offering". If any amount of such interest on the Escrowed Funds remains unused after the full payment of the Termination Payment, it shall be paid by the Escrow Agent to the Corporation.

If the Escrow Release Notice is delivered prior to the Termination Time and the Acquisition Closing Date occurs, the net proceeds to the Corporation from the Offering will be approximately \$4,072,207,500 after deducting the Underwriters' fee of approximately \$136,792,500 and before deducting expenses of the Offering and excluding any interest that may be earned on the Escrowed Funds. If the Underwriters exercise the Over-Allotment Option in full and the Escrow Release Notice is delivered prior to the Termination Time and the Acquisition Closing Date occurs, the net proceeds of the Offering will be approximately \$4,275,817,875 after deducting the Underwriters' fee of approximately \$143,632,125 and before deducting the expenses of the Offering and excluding any interest that may be earned on the Escrowed Funds. See "Acquisition of Columbia".

The expenses of the Offering and the Underwriters' fee will be paid from the general funds of the Corporation.

CONSOLIDATED CAPITALIZATION

Other than the issuance by TCPL of U.S.\$400 million principal amount of 3.125% senior notes due 2019 (the "January 2016 3.125% Senior Notes") and U.S.\$850 million principal amount of 4.875% senior notes due 2026, on January 27, 2016 (the "January 2016 4.875% Senior Notes" and, collectively with the January 2016 3.125% Senior Notes, the "January 2016 Notes"), there have been no material changes in the share and loan capital of the Corporation, on a consolidated basis, from December 31, 2015 to the date of this prospectus. After giving effect to the Offering and assuming that the Acquisition Closing Date occurs prior to the Termination Time, the equity of the Corporation will increase by the amount of the gross proceeds of the Offering and the issued and outstanding Common Shares will increase by 92,000,000 shares. In the event of the exercise in full of the Over-Allotment Option, the equity of the Corporation will increase by an additional \$210,450,000 and the number of issued and outstanding Common Shares will increase by an additional 4,600,000 Common Shares.

The following table sets forth our consolidated capitalization as at December 31, 2015, both on an actual basis and on a *pro forma* basis giving effect to the Offering (assuming no exercise of the Over-Allotment Option), the anticipated borrowings under the Acquisition Credit Facilities and the completion of the Acquisition, in each case as if the completion of the Offering and the Acquisition had occurred as at December 31, 2015.

	As at December 31, 2015	
	Actual	Pro Forma
	(millions of \$)	
Indebtedness		
Notes payable	1,218	1,218
Long-term debt current	2,547	2,547
Long-term debt	29,037	42,845
Junior subordinated notes	2,422	2,422
 Total Indebtedness	 35,134	 49,032
 Shareholders' equity		
Common Shares	12,102	12,102
Securities Offered		4,108
Preferred Shares	2,499	2,499
Additional Paid-in Capital	7	7
Retained Earnings	2,769	2,636
Accumulated Other Comprehensive Loss	(939)	(939)
 Total Shareholders' equity	 16,438	 20,413
 Total Capitalization	 51,572	 69,445

See "Caution Regarding Unaudited *Pro Forma* Condensed Consolidated Financial Statements".

DESCRIPTION OF SHARE CAPITAL

We are authorized to issue an unlimited number of Common Shares, of which approximately 702,344,195 were issued and outstanding as of March 11, 2016; an unlimited number of First Preferred Shares, issuable in series, of which 9,498,423 Series 1 Shares, 12,501,577 Series 2 Shares, 8,533,405 Series 3 Shares, 5,466,595 Series 4 Shares, 12,714,261 Series 5 Shares, 1,285,739 Series 6 Shares, 24 million Series 7 Shares, 18 million Series 9 Shares and 10 million Series 11 Shares were outstanding as of March 11, 2016; and an unlimited number of Second Preferred Shares, issuable in series, of which none were outstanding as of March 11, 2016.

The following description of each of the Common Shares, First Preferred Shares and Second Preferred Shares is a summary of certain of their material attributes and characteristics which does not purport to be complete.

Common Shares

The Common Shares entitle the holders thereof to one vote per share at all meetings of shareholders, except meetings at which only holders of another specified class of shares are entitled to vote, and, subject to the rights, privileges, restrictions and conditions attaching to the Preferred Shares, whether as a class or a series, and to any other class or series of shares of the Corporation which rank prior to the Common Shares, entitle the holders thereof to receive: (i) dividends if, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of the dividends in such amount and payable at such times and at such place or places as the board of directors of the Corporation may from time to time determine; and (ii) the remaining property of the Corporation upon a dissolution.

First Preferred Shares

Subject to certain limitations, the board of directors of the Corporation may, at any time, and from time to time, issue First Preferred Shares in one or more series and determine for any such series, its designation, number of shares and respective rights, privileges, restrictions and conditions. The First Preferred Shares, as a class, have, among others, provisions to the effect set forth below.

The First Preferred Shares of each series shall rank on a parity with the First Preferred Shares of every other series, and shall be entitled to preference over the Common Shares, the Second Preferred Shares and any other shares ranking junior to the First Preferred Shares with respect to the payment of dividends, the repayment of capital and the distribution of the assets of the Corporation in the event of a liquidation, dissolution or winding up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, and may also be given such other preferences not inconsistent with the provisions of the articles of the Corporation.

Except as provided by the CBCA or as referred to below, the holders of the First Preferred Shares will not have any voting rights nor will they be entitled to receive notice of or to attend shareholders' meetings. The holders of any particular series of First Preferred Shares will, if the directors of the Corporation so determine prior to the issuance of such series, be entitled to such voting rights as may be determined by the directors if the Corporation fails to pay dividends on that series of First Preferred Shares for any period as may be so determined by the directors.

Subject to the provisions of the CBCA and any provisions relating to any particular series, the Corporation, upon giving proper notice, may redeem out of capital or otherwise at any time, or from time to time, the whole or any part of the then outstanding First Preferred Shares of any one or more series on payment for each such First Preferred Share of such price or prices as may be applicable to such series. Subject to the foregoing, in case a part only of the then outstanding First Preferred Shares of any particular series is at any time redeemed, the shares to be redeemed will be selected by lot in such manner as the directors or the transfer agent for the First Preferred Shares, if any, decide, or if the directors so determine, may be redeemed pro rata disregarding fractions.

The provisions attaching to the First Preferred Shares as a class may be modified, amended or varied only with the approval of the holders of the First Preferred Shares as a class. Any such approval to be given by the

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holders of the First Preferred Shares may be given by the affirmative vote of the holders of not less than $66\frac{2}{3}$ per cent of the First Preferred Shares represented and voted at a meeting or adjourned meeting of such holders.

Second Preferred Shares

The rights, privileges, restrictions and conditions attaching to the Second Preferred Shares are substantially identical to those attaching to the First Preferred Shares, except that the Second Preferred Shares are junior to the First Preferred Shares with respect to the payment of dividends, repayment of capital and the distribution of the assets of the Corporation in the event of a liquidation, dissolution or winding up of the Corporation.

DIVIDENDS

We increased the quarterly dividend on our outstanding common shares by nine per cent to \$0.565 per Common Share for the quarter ending March 31, 2016 which equates to an annual dividend of \$2.26 per Common Share and reflects our commitment to grow our Common Share dividend at an average annual rate of eight to ten per cent through 2020. This is the 16th consecutive year we have increased the dividend on our common shares.

We declared dividends per Common Share of \$1.84 in 2013, \$1.92 in 2014, and \$2.08 in 2015.

PRIOR SALES

The Corporation has not sold or issued any Common Shares, or securities convertible into Common Shares, during the twelve month period ending prior to the date of this prospectus, other than an aggregate of 495,498 Common Shares at a weighted average exercise price of \$34.26 on the exercise of options granted pursuant to the Corporation's stock option plans, for aggregate consideration of approximately \$16,975,761.

TRADING PRICE AND VOLUME

The Common Shares are listed for trading on the TSX and the NYSE under the symbol "TRP". The following table sets forth the reported monthly high, low and closing trading prices and monthly trading volumes of the Common Shares for the period from February 1, 2015 to March 16, 2016 on each of the TSX and the NYSE.

	Common Shares TSX				Common Shares NYSE			
	Share Price Trading Range			Volume	Share Price Trading Range			Volume
	High	Low	Close		High	Low	Close	
	(\$ per share)				(U.S.\$ per share)			
2015								
February	59.50	53.69	54.79	25,994,936	48.08	42.89	43.83	23,970,762
March	56.51	53.06	54.16	27,402,084	45.13	41.51	42.72	20,963,691
April	58.12	53.57	56.00	22,163,117	48.10	42.37	46.42	19,510,057
May	56.64	52.98	53.90	19,687,840	46.87	42.50	43.37	14,462,998
June	54.35	50.15	50.76	37,765,436	43.78	39.84	40.62	23,904,092
July	52.16	48.46	50.83	22,653,037	40.78	37.22	38.91	21,681,361
August	51.13	41.95	45.90	27,618,517	39.44	31.63	34.62	22,366,364
September	45.84	41.10	42.20	34,144,320	34.61	30.60	31.58	22,375,140
October	46.43	41.67	44.00	34,162,593	35.57	31.43	33.59	22,296,937
November	45.54	40.68	42.14	32,389,719	34.59	30.48	31.59	21,251,858
December	48.44	40.58	45.19	57,859,047	35.17	29.89	32.59	34,563,574
2016								
January	48.80	41.51	48.65	38,245,478	34.85	28.40	34.56	26,228,464
February	51.25	46.63	49.65	32,492,216	37.38	33.20	36.39	23,015,063
March 1-17	50.90	46.81	49.42	23,399,338	38.26	35.06	38.08	21,983,311

DETAILS OF THE OFFERING

The Offering consists of 92,000,000 Subscription Receipts at a price of \$45.75 per Subscription Receipt.

Set forth below is a summary of the material attributes and characteristics of the Subscription Receipts. This summary does not purport to be complete. The subscription receipt agreement governing the terms of the Subscription Receipts to be dated as of the Offering Closing Date among the Corporation, RBC Dominion Securities Inc. and TD Securities Inc. (together, the "Lead Underwriters"), and the Escrow Agent (the "Subscription Receipt Agreement") will be filed with the securities regulatory authorities in Canada and with the SEC on the Offering Closing Date.

Automatic Exchange

Each Subscription Receipt will entitle the holder thereof to receive automatically, upon the closing of the Acquisition, without any further action on the part of the holder thereof and without payment of additional consideration, one Common Share of the Corporation.

Provided that the closing of the Acquisition occurs prior to the Termination Time, the Escrow Agent will automatically issue and deliver the appropriate number of Common Shares to each registered holder of Subscription Receipts without any further action required by such holder and without payment of additional consideration and thereafter the former holders of Subscription Receipts will be entitled, as holders of Common Shares, to receive dividends if, as and when declared by the board of directors of the Corporation from time to time, to vote and to all other rights available to holders of Common Shares (see "Description of Share Capital Common Shares"). Contemporaneously with the issuance and delivery of the Common Shares to the holders of Subscription Receipts, the Corporation will issue a press release specifying that Common Shares have been so issued and delivered to holders of Subscription Receipts. Following the Acquisition Closing Date any unpaid Dividend Equivalent Payment will be paid by the Escrow Agent from the Escrowed Funds and any interest credited or recorded thereon to Subscription Receipt holders of record on the record date for the corresponding dividend.

Dividend Equivalent Payments

Holders of Subscription Receipts will be entitled to Dividend Equivalent Payments in respect of, and paid concurrently with, any dividends on the Common Shares for which record dates occur during the period commencing on the Offering Closing Date to, but excluding, the last day on which the Subscription Receipts remain outstanding.

Notwithstanding the foregoing, holders of Subscription Receipts of record at the close on April 15, 2016 will be entitled to a Dividend Equivalent Payment in respect of the \$0.565 per Common Share dividend payable by TransCanada on April 29, 2016 to Common Share holders of record at the close on March 31, 2016 even though the Subscription Receipt holders were not holders of record on the record date for such Common Share dividend. In the event that the Termination Time occurs after a dividend has been declared on the Common Shares but before the record date for such dividend, holders of Subscription Receipts will receive, as part of the Termination Payment, a pro rata Dividend Equivalent Payment in respect of such dividend declared on the Common Shares based on the ratio of the time between (i) the date of the prior Dividend Equivalent Payment (or, if none, the Offering Closing Date) and the Termination Time to (ii) the date of the prior Dividend Equivalent Payment (or, if none, the prior payment date for dividends on the Common Shares) and the dividend payment date for the dividend so declared. If the Termination Time occurs on a record date or following a record date but on or prior to the payment date, holders will be entitled to receive the full Dividend Equivalent Payment.

Any Dividend Equivalent Payments will be made first out of any interest that has been credited or received on the Escrowed Funds and then out of the Escrowed Funds, and will be paid net of any applicable withholding taxes.

Escrowed Funds

The Subscription Receipts will be issued pursuant to the Subscription Receipt Agreement entered into on the Offering Closing Date. The Escrowed Funds will be delivered to and held in escrow by the Escrow Agent as agent and bailee on behalf of the holders of Subscription Receipts and will be invested pursuant to the terms of

the Subscription Receipt Agreement (as defined herein) in interest-bearing deposits with banks and other financial institutions with issuer credit ratings from S&P of at least A, pending: (i) receipt of a notice in accordance with the terms and conditions to be set out in the Subscription Receipt Agreement, signed by the Corporation and the Lead Underwriters confirming that the Escrow Release Condition has occurred (the "Escrow Release Notice"); or (ii) the Termination Time; provided that Dividend Equivalent Payments may be made from the Escrowed Funds and the interest credited or received thereon from time to time, as described herein.

Once the parties to the Merger Agreement are able to complete the Acquisition in all material respects in accordance with the terms of the Merger Agreement, but for the payment of the Purchase Price, and the Corporation has available to it all other funds required to complete the Acquisition (the "Escrow Release Condition"), the Corporation will provide the Escrow Release Notice to the Escrow Agent and the Escrow Agent will release the Escrowed Funds, less any amounts required to satisfy payment of any unpaid Dividend Equivalent Payment, to or at the direction of the Corporation. Under the terms of the Subscription Receipt Agreement, the Escrowed Funds may, at the election of the Corporation, be so released up to six "Business Days" (defined in the Subscription Receipt Agreement for these purposes as any day other than a Saturday or Sunday or a day on which banks in the City of New York are required or authorized to be closed) prior to the anticipated closing of the Acquisition.

In the event that the Escrowed Funds are released pursuant to an Escrow Release Notice and the closing of the Acquisition does not occur within six Business Days of such release, the Corporation will cause the Escrowed Funds to be returned to the Escrow Agent and the Escrowed Funds will either continue to be held by the Escrow Agent pursuant to the terms of the Subscription Receipt Agreement or returned to the holders of Subscription Receipts, as applicable.

Termination

In the event that the Escrow Release Notice is not delivered on or prior to the Termination Time or the Escrowed Funds are released pursuant to an Escrow Release Notice but subsequently returned to the Escrow Agent and no further Escrow Release Notice is delivered on or prior to the Termination Time, the Escrow Agent will pay to each holder of Subscription Receipts, commencing on the third business day following the Termination Time, the Termination Payment.

The Termination Payment will be made from the balance of the Escrowed Funds at the Termination Time, including from any interest credited or received on the Escrowed Funds, provided that if the balance of the Escrowed Funds, together with any such interest, is insufficient to cover the full amount of the Termination Payment, TransCanada will be required, under the Subscription Receipt Agreement, to pay to the Escrow Agent as agent on behalf of the holders of Subscription Receipts the deficiency, if any, between the amount of Escrowed Funds, together with any such interest, at the Termination Time and the aggregate of the Termination Payments due to the holders of Subscription Receipts. If any amount of such interest on the Escrowed Funds remains unused after the full payment of the Termination Payment, it shall be paid by the Escrow Agent to the Corporation.

Rescission

Under the Subscription Receipt Agreement, original purchasers of Subscription Receipts pursuant to the Offering will have a contractual right of rescission following the issuance of Common Shares to such purchaser upon the exchange of the Subscription Receipts to receive the amount paid for the Subscription Receipts if this prospectus (including documents incorporated herein by reference) or any amendment hereto contains a misrepresentation (as defined in the *Securities Act* (Alberta)) or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days of the Offering Closing Date.

Amendments

From time to time while the Subscription Receipts are outstanding, the Corporation, the Underwriters and the Escrow Agent, without the consent of the holders of the Subscription Receipts, may amend or supplement the Subscription Receipt Agreement for certain purposes, including making any change that, in the opinion of the Escrow Agent, does not prejudice the rights of the holders of the Subscription Receipts. The Subscription

Receipt Agreement provides for other modifications and alterations thereto and to the Subscription Receipts issued thereunder by way of an extraordinary resolution. The term "extraordinary resolution" is defined in the Subscription Receipt Agreement to mean, in effect, a resolution passed by the affirmative votes of the holders of not less than $66\frac{2}{3}\%$ of the number of outstanding Subscription Receipts represented and voting at a meeting of Subscription Receipt holders or an instrument or instruments in writing signed by the holders of not less than $66\frac{2}{3}\%$ of the number of outstanding Subscription Receipts.

DEPOSITORY SERVICES

The Subscription Receipts and the Common Shares issuable upon the exchange of the Subscription Receipts will be issued in "book entry only" form and must be purchased or transferred through a participant in the CDS depository service ("CDS Participant"). The Corporation will cause a global certificate or certificates representing any newly issued Subscription Receipts or Common Shares issuable upon the exchange of the Subscription Receipts to be delivered to, and registered in the name of, CDS or its nominee. All rights of holders of Subscription Receipts or Common Shares issuable upon the exchange of the Subscription Receipts must be exercised through, and all payments or other property to which such holders of Subscription Receipts or Common Shares issuable upon the exchange of the Subscription Receipts, as the case may be, is entitled, will be made or delivered by, CDS or the CDS Participant through which the holders of Subscription Receipts or Common Shares issuable upon the exchange of the Subscription Receipts holds such Subscription Receipts or Common Shares. Each person who acquires Subscription Receipts or Common Shares issuable upon the exchange of the Subscription Receipts will receive only a customer confirmation of purchase from the registered dealer from or through which the Subscription Receipts or Common Shares issuable upon the exchange of the Subscription Receipts are acquired in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book entry accounts for its CDS Participants having interests in the Subscription Receipts or Common Shares issuable upon the exchange of the Subscription Receipts.

The ability of a beneficial owner of Subscription Receipts or Common Shares issuable upon the exchange of the Subscription Receipts to pledge such Subscription Receipts or Common Shares or otherwise take action with respect to such owner's interest in such Subscription Receipts or Common Shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Corporation has the option to terminate registration of the Subscription Receipts and Common Shares issuable upon the exchange of the Subscription Receipts through the book entry only system, in which event certificates for Subscription Receipts and Common Shares issuable upon the exchange of the Subscription Receipts in fully registered form will be issued to the beneficial owners of such shares or their nominees.

Neither the Corporation nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Subscription Receipts or Common Shares issuable upon the exchange of the Subscription Receipts held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Subscription Receipts or Common Shares issuable upon the exchange of the Subscription Receipts; or (c) any advice or representation made by or with respect to CDS and those contained in this prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Subscription Receipts or Common Shares issuable upon the exchange of the Subscription Receipts must look solely to CDS Participants for payments made by or on behalf of the Corporation to CDS in respect of the Subscription Receipts or Common Shares issuable upon the exchange of the Subscription Receipts.

If (i) required by applicable law, (ii) the book entry only system ceases to exist, (iii) the Corporation determines that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Subscription Receipts or Common Shares issuable upon the exchange of the Subscription Receipts and the Corporation is unable to locate a qualified successor, or (iv) the Corporation, at its option, decides to terminate the book entry only system, then certificates representing the Subscription Receipts or Common Shares issuable upon the exchange of the Subscription Receipts, as applicable, will be made available.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the "Underwriting Agreement") dated March 18, 2016 among the Corporation and the Underwriters, the Corporation has agreed to sell an aggregate of 92,000,000 Subscription Receipts to the Underwriters, and the Underwriters have severally (and not jointly or jointly and severally) agreed to purchase from the Corporation, as principals, such Subscription Receipts at a price of \$45.75 per Subscription Receipt payable in cash against delivery on the Offering Closing Date. The Underwriting Agreement provides that, in consideration of the services of the Underwriters in connection with the Offering, the Corporation will pay the Underwriters a fee of \$1.486875 per Subscription Receipt issued and sold by the Corporation as part of the Offering, for an aggregate fee payable by the Corporation of \$136,792,500. The Underwriters' fee is payable as to 50% on the Offering Closing Date and 50% upon the closing of the Acquisition. In the event the Escrowed Funds are refunded to purchasers, the fee payable to the Underwriters in respect of the Subscription Receipts will consist solely of the amount payable on the Offering Closing Date.

The Corporation has granted to the Underwriters the Over-Allotment Option exercisable at any time until 30 days following the Offering Closing Date to purchase up to an additional 4,600,000 Subscription Receipts at a price of \$45.75 per Subscription Receipt. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters' fee and the net proceeds to the Corporation, before expenses and interest, will be \$4,419,450,000, \$143,632,125 and \$4,275,817,875, respectively. The distribution of the Subscription Receipts that may be issued on the exercise of the Over-Allotment Option are also qualified under this prospectus. A purchaser who acquires any of the Subscription Receipts forming part of the Underwriters' over-allocation position acquires these securities under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The terms of the Offering were established through negotiations between the Corporation and the Underwriters.

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint or joint and several) and may be terminated at their discretion upon the occurrence of certain stated events. Such events include, but are not limited to: (a) there shall occur any change in the business, affairs, operations, assets, liabilities, earnings, capital or ownership or condition of the Corporation on a consolidated basis or any material change in the terms of the Acquisition or the termination of the Merger Agreement, in either case resulting in a misrepresentation in this prospectus and the documents incorporated by reference herein; (b) as a result of investigations after the date hereof, the Underwriters (or any one of them) determine that there exists any fact or circumstance which existed prior to the date hereof and had not been disclosed prior to the date hereof, which in their sole opinion, acting reasonably, would be expected to have a material adverse effect on the market price or value of the Subscription Receipts or the underlying Common Shares; and (c) if there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence, or any law or regulation which, in the opinion of the Underwriters (or any one of them) acting reasonably, may materially adversely affect or involve the financial markets in Canada or the U.S. or the business, operations or affairs of the Corporation and its subsidiaries, take as a whole or is expected to prevent, suspend or materially restrict the trading in the Subscription Receipts or the underlying Common Shares.

If an Underwriter fails to purchase the Subscription Receipts which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Subscription Receipts, provided that, if the aggregate number of Subscription Receipts not purchased is less than or equal to 10% of the aggregate number of Subscription Receipts agreed to be purchased by the Underwriters, then each of the other Underwriters is obligated to purchase severally the Subscription Receipts not taken up, on a pro rata basis or as they may otherwise agree as between themselves. The Underwriters are, however, obligated to take up and pay for all Subscription Receipts if any Subscription Receipts are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Corporation will indemnify the Underwriters and their respective directors, officers, shareholders, agents and employees against certain liabilities and expenses.

The Underwriters propose to offer the Subscription Receipts initially at the public offering price specified on the cover page of this prospectus. After the Underwriters have made a reasonable effort to sell all of the Subscription Receipts offered by this prospectus at the price specified herein, the offering price may be

decreased and may be further changed from time to time to an amount not greater than that specified on the cover page of this prospectus. In the event the offering price of the Subscription Receipts is reduced, the compensation received by the Underwriters will be decreased by the amount by which the aggregate price paid by the purchasers for the Subscription Receipts is less than the gross proceeds paid by the Underwriters to the Corporation for the Subscription Receipts. Any such reduction will not affect the proceeds received by the Corporation.

Subscriptions for Subscription Receipts will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice.

There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this prospectus. The Corporation has applied to the TSX to list the Subscription Receipts offered under this prospectus and the Common Shares issuable upon the exchange of the Subscription Receipts. The Corporation has also applied to the NYSE to list the Common Shares issuable upon exchange of the Subscription Receipts. Listings will be subject to the Corporation fulfilling all the listing requirements of the TSX and the NYSE, as applicable. There can be no assurance that the Subscription Receipts will be accepted for listing on the TSX or that the Common Shares issuable upon exchange of the Subscription Receipts will be accepted for listing on the TSX or the NYSE.

The Corporation has agreed that, subject to certain exceptions, it shall not issue or agree to issue any Common Shares or other securities convertible into, or exchangeable for, Common Shares prior to 90 days after the Offering Closing Date without the prior consent of RBC Dominion Securities Inc. and TD Securities Inc., which consent shall not be unreasonably withheld. This 90 day period may be extended under certain circumstances.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Subscription Receipts or Common Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Subscription Receipts or Common Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Subscription Receipts or Common Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

Deutsche Bank Securities Inc. is not registered as a dealer in any Canadian jurisdiction and, accordingly, will only sell Subscription Receipts into the United States or in other jurisdictions outside of Canada and is not permitted and will not, directly or indirectly, solicit offers to purchase or sell any of the Subscription Receipts in Canada.

Conflicts of Interest

As described in "Use of Proceeds", a portion of the net proceeds of the Offering may be used, directly or indirectly, to repay a portion of the indebtedness incurred to finance a portion of the Purchase Price. See "Use of Proceeds". As a result, one or more of the Underwriters or their affiliates may receive more than 5% of the net proceeds of the Offering in the form of the repayment of such indebtedness. Accordingly, the Offering is being made pursuant to Rule 5121 of the Financial Industry Regulatory Authority, Inc. Pursuant to this rule, the appointment of a qualified independent underwriter is not necessary in connection with the Offering, because the conditions of Rule 5121(a)(1)(B) are satisfied.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a "relevant member state"), with effect from and including the date on which the Prospectus

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Directive is implemented in that relevant member state (the "relevant implementation date"), an offer of the Subscription Receipts described in this prospectus may not be made to the public in that relevant member state prior to the publication of a prospectus in relation to the Subscription Receipts that has been approved by the competent authority in that relevant member state and published in accordance with the Prospectus Directive as implemented in the relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer of Subscription Receipts may be made to the public in that relevant member state at any time:

to any legal entity which is a qualified investor as defined in the Prospectus Directive;

to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant underwriter; or

in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Subscription Receipts will result in the requirement of the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive or a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

Each purchaser of a Subscription Receipt described in this prospectus located within a relevant member state will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For purposes of this notice, the expression an "offer to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the Subscription Receipts to be offered so as to enable an investor to decide to purchase or subscribe for the Subscription Receipts, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression "Prospectus Directive" means Directive 2003/71/EC (and any amendments thereto).

The sellers of the Subscription Receipts have not authorized and do not authorize the making of any offer of the Subscription Receipts through any financial intermediary on their behalf, other than offers made by the Underwriters with a view to the final placement of the Subscription Receipts as contemplated in this prospectus.

Accordingly, no purchaser of Subscription Receipts, other than the Underwriters, is authorized to make any further offer of Subscription Receipts on behalf of the sellers or the Underwriters.

Notice to Prospective Investors in the United Kingdom

This prospectus and any other material in relation to the Subscription Receipts described herein are only being distributed to, and are only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (and amendments thereto) and Section 86(7) of the Financial Services and Markets Act 2000 (United Kingdom), as amended (the "FSMA") that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Subscription Receipts are only available to, and any invitation, offer or agreement to purchase or otherwise acquire such Subscription Receipts will be engaged only with, relevant persons.

This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

No invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the Subscription Receipts may be communicated or caused to be communicated except in circumstances in which Section 21(1) of the FSMA does not apply to us or the

Underwriters. In addition, all applicable provisions of the FSMA must be complied with in relation to anything done to the Subscription Receipts in, from or otherwise involving the United Kingdom.

RELATIONSHIP BETWEEN THE CORPORATION AND CERTAIN OF THE UNDERWRITERS

The Underwriters and their respective affiliates have, from time to time, performed, and in the future may perform, commercial and investment banking and advisory services for us for which they have received or will receive customary fees and expenses. The Underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business.

Each of RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., Scotia Capital Inc., National Bank Financial Inc., J.P. Morgan Securities Canada Inc., Wells Fargo Securities Canada, Ltd., Merrill Lynch Canada Inc., Citigroup Global Markets Canada Inc., Credit Suisse Securities (Canada), Inc., Deutsche Bank Securities Inc. and HSBC Securities (Canada) Inc. is, directly or indirectly, a subsidiary of certain lenders (the "Lenders") which have extended (or will extend) credit facilities (collectively, the "Facilities") to the Corporation or its affiliates (see "Acquisition of Columbia – Financing of the Acquisition"). Accordingly, the Corporation may be considered to be a "connected issuer" of such Underwriters under applicable securities legislation. The Facilities consist of the following committed syndicated facilities: TCPL's \$3.0 billion amended and restated credit agreement; TCPL's U.S.\$1.0 billion credit agreement; a TransCanada Holdco U.S.\$0.5 billion credit agreement; a TransCanada American Investments Ltd. and TransCanada Power Marketing Ltd., as co-borrowers, U.S.\$1.5 billion credit agreement; a TC PipeLines, LP U.S.\$500 million first amendment to a second amended and restated revolving credit and term loan agreement; a TC PipeLines, LP U.S.\$500 million term loan agreement; a TC PipeLines, LP U.S.\$170 million term loan agreement; a Northern Border Pipeline Company U.S.\$200 million revolving amended and restated credit agreement; a Gas Transmission Northwest LLC U.S.\$75 million term loan agreement; a TQM Pipeline and Company, Limited Partnership \$135 million revolving and term loan agreement, each as amended; and also consist of certain other demand bank facilities with aggregate commitments of approximately \$1.7 billion. As of January 31, 2016, we had approximately \$2.9 billion outstanding under the Facilities. Royal Bank of Canada and The Toronto-Dominion Bank, inter alia, have provided the Corporation with a commitment letter for the Acquisition Facilities described under "Acquisition of Columbia – Financing of the Acquisition". In addition, an affiliate of Wells Fargo Securities Canada, Ltd. acts as the financial advisor to the Corporation in connection with the Acquisition.

As of the date hereof, the Corporation and its affiliates are in material compliance with all material terms of the agreements governing the Facilities and none of the Lenders has waived any material breach by the Corporation or its affiliates of those agreements since the Facilities were established. The financial position of the Corporation has not changed substantially and adversely since the indebtedness under the Facilities was incurred. None of the Lenders have been or will be involved in the decision to offer the Subscription Receipts and none have been or will be involved in the determination of the terms of any distribution of Subscription Receipts. Before the closing of the Acquisition, proceeds from the sale of the Subscription Receipts may, from time to time, be invested in short-term deposits or securities, including with the Underwriters or their affiliates and may, upon the satisfaction of the Escrow Release Condition, be used to reduce indebtedness which the Corporation or its subsidiaries may have with one or more of the lenders which are related to certain Underwriters. See "Use of Proceeds".

ENFORCEABILITY OF CIVIL LIABILITIES

We are a corporation incorporated under and governed by the CBCA. Some of our directors and officers, and some of the experts named in this prospectus, are residents of Canada or otherwise reside outside the U.S., and all or a substantial portion of their assets, and a substantial portion of the Corporation's assets which are held through subsidiaries, are located outside the U.S. We have appointed an agent for service of process in the U.S., but it may be difficult for holders of Subscription Receipts who reside in the U.S. to effect service within the U.S. upon those directors, officers and experts who are not residents of the U.S. It may also be difficult for holders of Subscription Receipts who reside in the U.S. to realize in the U.S. upon judgments of courts of the U.S. predicated upon the Corporation's civil liability and the civil liability of the directors and officers of the Corporation and experts under U.S. federal securities laws.

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We have been advised by our Canadian counsel, Blake, Cassels & Graydon LLP, that a judgment of a U.S. court predicated solely upon civil liability under U.S. federal securities laws would probably be enforceable in Canada if the U.S. court in which the judgment was obtained has a basis for jurisdiction in the matter that would be recognized by a Canadian court for the same purposes. We have also been advised by Blake, Cassels & Graydon LLP, however, that there is real doubt whether an action could be brought in Canada in the first instance on the basis of liability predicated solely upon U.S. federal securities laws.

We have filed with the SEC, concurrently with our registration statement on Form F-10, an appointment of agent for service of process on Form F-X. Under the Form F-X, we appointed TransCanada Pipeline USA Ltd. as our agent for service of process in the U.S. in connection with any investigation or administrative proceeding conducted by the SEC, and any civil suit or action brought against or involving us in a U.S. court arising out of or related to or concerning the offering of Subscription Receipts under this prospectus.

CERTAIN CANADIAN INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Norton Rose Fulbright Canada LLP, counsel to the Underwriters, the following summary, as of the date hereof, describes the principal Canadian federal income tax considerations in respect of a holder who acquires Subscription Receipts issued pursuant to the Offering and Common Shares pursuant to the Subscription Receipts. This summary is generally applicable to a beneficial owner of Subscription Receipts and Common Shares issued pursuant to the Subscription Receipts (the "Offered Securities") who, for purposes of the Tax Act and at all relevant times, holds the Offered Securities as capital property, deals at arm's length with the Corporation and the Underwriters, and is not affiliated with the Corporation (a "Holder"). Generally, Offered Securities will be considered to be capital property to a Holder provided the Holder does not hold the Offered Securities in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based upon the current provisions of the Tax Act in force as of the date hereof and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency published in writing and publicly available prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments") and assumes the Proposed Amendments will be enacted in the form proposed. No assurance can be given that the Proposed Amendments will be enacted in the form proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action or changes in the administrative policies or assessing practices of the Canada Revenue Agency, nor does it take into account other federal or any provincial, territorial or foreign tax considerations, which may differ materially from those described in this summary.

This summary is not applicable to a Holder (i) that is a "financial institution" for purposes of certain rules in the Tax Act (referred to as the mark-to-market rules applicable to securities held by financial institutions), (ii) an interest in which is a "tax shelter investment", (iii) that is a "specified financial institution", (iv) that reports its "Canadian tax results" in a currency other than the Canadian currency, or (v) that has entered, or will enter, into a "derivative forward agreement" with respect to the Offered Securities, each as defined in the Tax Act. Such Holders should consult their own tax advisors.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, Holders are urged to consult their own legal and tax advisors with respect to the tax consequences to them of acquiring Offered Securities pursuant to the Offering, having regard to their particular circumstances.

This summary is based upon the understanding of counsel that a Subscription Receipt evidences a contractual right to acquire a Common Share on the satisfaction of certain conditions. No advance tax ruling in respect of the Offering has been sought from the Canada Revenue Agency and counsel is not aware of any judicial authority relating to this characterization.

Holders Resident In Canada

This part of the summary is applicable to a Holder who, for purposes of the Tax Act and at all relevant times, is, or is deemed to be, resident in Canada (a "Resident Holder"). Certain Resident Holders may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act, the effect of which may be to deem to be capital property any Common Shares (and all other "Canadian securities", as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years. This election is not available in respect of Subscription Receipts.

Holding and Disposing of Subscription Receipts

Acquisition of Common Shares pursuant to terms of the Subscription Receipts

A Resident Holder of Subscription Receipts will not be considered to dispose of the Subscription Receipt and will not realize any capital gain or capital loss upon the acquisition of Common Shares pursuant to the terms of the Subscription Receipts. The cost of a Common Share received pursuant to a Subscription Receipt will generally be the total of (i) the amount paid to acquire the Subscription Receipt and (ii) the Resident Holder's pro rata share of interest credited or received on the Escrowed Funds that is included in the Resident Holder's income and remitted to the Corporation upon the acquisition of the Common Share pursuant to the Subscription Receipt, less (iii) the aggregate of all Dividend Equivalent Payments received by or, in the event that the Dividend Equivalent Payment is received after the issuance of the Common Share pursuant to the terms of the Subscription Receipt, receivable by, the Resident Holder out of the Escrowed Funds that are a partial refund of the issue price for the Subscription Receipt and that reduce the cost to the Resident Holder of the Subscription Receipt as described under "Holders Resident in Canada Holding and Disposing of Subscription Receipts Dividend Equivalent Payment". The adjusted cost base to a Resident Holder of Common Shares issued pursuant to the Subscription Receipts at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base immediately before that time of any other Common Shares owned by the Resident Holder as capital property at such time.

Other Dispositions of Subscription Receipts

A disposition or deemed disposition by a Resident Holder of a Subscription Receipt (which does not include the acquisition of a Common Share pursuant to the terms of the Subscription Receipt) other than upon the repayment of the issue price of the Subscription Receipt as a consequence of the Acquisition failing to close on or prior to the Termination Time, will generally result in the Resident Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition received in respect of the Subscription Receipt exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "Holders Resident in Canada Holding and Disposing of Common Shares Taxation of Capital Gains and Capital Losses".

The cost to a Resident Holder of a Subscription Receipt at any particular time will generally be the amount paid to acquire the Subscription Receipt less the aggregate of all Dividend Equivalent Payments received by the Resident Holder at or before that time in respect of the Subscription Receipt that are a partial refund of the issue price for the Subscription Receipt and that reduce the cost to the Resident Holder of the Subscription Receipt as described under "Holders Resident in Canada Holding and Disposing of Subscription Receipts Dividend Equivalent Payment". The adjusted cost base of a Subscription Receipt acquired at any time will be determined by averaging the cost of such Subscription Receipt immediately before such time with the adjusted cost base of any other Subscription Receipts owned by the Resident Holder as capital property at such time.

Acquisition Failing to Close

In the event the Acquisition fails to close on or prior to the Termination Time, the Escrow Agent will pay to each holder of Subscription Receipts, the Termination Payment. The Termination Payment will be an amount equal to (i) the aggregate issue price of such holder's Subscription Receipts, plus (ii) any unpaid Dividend Equivalent Payments owing to such holders of Subscription Receipts. The Termination Payment will be comprised of the balance of the Escrowed Funds at the Termination Time, including interest credited or

received on the Escrowed Funds and, if the balance of the Escrowed Funds together with such interest is insufficient to cover the full amount of the Termination Payment, TransCanada will be contractually required to pay to the Escrow Agent as agent on behalf of holders of Subscription Receipts the deficiency, if any, between the amount of Escrowed Funds (including any interest credited or received) at the Termination Time and the aggregate of the Termination Payments due to the holders of Subscription Receipts (the "Top Up").

The repayment of the issue price of the Subscription Receipt out of the Escrowed Funds as a consequence of the Acquisition failing to close on or prior to the Termination Time will generally result in the Resident Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition received in respect of the Subscription Receipt exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder thereof and any reasonable costs of disposition. Any part of the Termination Payment that represents interest credited or received on the Escrowed Funds will be, and the Top Up should be, excluded from the Resident Holder's proceeds of disposition of the Subscription Receipt. The cost to a Resident Holder of a Subscription Receipt at any particular time will generally be the amount paid to acquire the Subscription Receipt less the aggregate of all Dividend Equivalent Payments received by the Resident Holder at or before that time in respect of the Subscription Receipt that are a partial refund of the issue price for the Subscription Receipt and that reduce the cost to the Resident Holder of the Subscription Receipt as described under "Holders Resident in Canada Holding and Disposing of Subscription Receipts Dividend Equivalent Payment". The adjusted cost base of a Subscription Receipt at any time will be determined by averaging the cost of such Subscription Receipt immediately before such time with the adjusted cost base of any other Subscription Receipts owned by the Resident Holder as capital property at such time. Such capital gain (or capital loss) will be subject to the tax treatment described below under "Holders Resident in Canada Holding and Disposing of Common Shares Taxation of Capital Gains and Capital Losses".

Any part of the Termination Payment that represents interest credited or received on the Escrowed Funds must be included in the income of the Resident Holder. The Top Up should be included in the income of the Resident Holder. For greater certainty, the Top Up should be taxed as ordinary income and will not be treated as a dividend for the purposes of the Tax Act and no part of the amount will benefit from the gross-up and dividend tax credit rules normally applicable in respect of taxable dividends received by individuals from "taxable Canadian corporations" (as defined in the Tax Act). Where the Top Up is received by a corporation, the amount will not be deductible in computing the corporation's taxable income and will not result in the requirement to pay the refundable Part IV tax.

Pro Rata Share of Interest

In the event that a Termination Event occurs, a portion of the Termination Payment paid to a Resident Holder will be comprised of the Resident Holder's pro rata share of interest credited or received on the Escrowed Funds, if any. In addition, a portion of the Dividend Equivalent Payments paid to a Resident Holder will be comprised of the Resident Holder's pro rata share of interest credited or received on the Escrowed Funds to the date of the applicable payment, if any.

A Resident Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year the amount of any interest accrued to the Resident Holder to the end of the Resident Holder's taxation year, or that is receivable or received by the Resident Holder before the end of that taxation year, except to the extent that such interest was included in computing the Resident Holder's income for a preceding taxation year. This will include any interest accrued on the Escrowed Funds, whether or not such amounts are received or receivable by such Resident Holder. However, in certain circumstances, an offsetting deduction may be available for any such interest which is remitted to the Corporation upon the acquisition of Common Shares pursuant to the Subscription Receipts or in the event that a Termination Event occurs.

Any other Resident Holder, including an individual, that is entitled to receive its share of interest credited or received on the Escrowed Funds will be required to include in computing income for a taxation year such interest that is receivable or received by the Resident Holder or by the Escrow Agent on behalf of the Resident Holder in that taxation year, depending upon the method regularly followed by the Resident Holder in computing income. A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled

private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income", which is defined in the Tax Act to include interest income and may also include the Top Up.

Dividend Equivalent Payment

As described above under the heading "Details of the Offering", the holders of Subscription Receipts will be entitled to receive cash payments out of the Escrowed Funds (including from the interest credited or received thereon) equal to the Dividend Equivalent Payment concurrently with the payment of any dividends on the Common Shares in respect of which record dates occur during the period commencing on the Offering Closing Date to, but excluding, the last day on which the Subscription Receipts remain outstanding. In addition, in the event that the Escrow Release Condition is not satisfied and the Termination Time occurs after dividends have been declared on the Common Shares but before the record date for such dividends, holders of Subscription Receipts will receive a pro rata Dividend Equivalent Payment in respect of such dividends declared on the Common Shares based on the ratio of the time between (i) the holder's last Dividend Equivalent Payment and the Termination Time to (ii) the holder's last Dividend Equivalent Payment and the dividend payment date for the dividends so declared. The Dividend Equivalent Payment, if any, will first be by way of a pro rata share of interest credited or received on the Escrowed Funds and thereafter out of the Escrowed Funds as a refund of a portion of the issue price of the Subscription Receipt.

The amount of such interest will generally be included in computing the Resident Holder's income as described under "Holders Resident in Canada Holding and Disposing of Subscription Receipts Pro Rata Share of Interest". If the amount of interest credited or received on the Escrowed Funds is less than the Dividend Equivalent Payment, an amount will be paid by the Escrow Agent out of the Escrowed Funds to the Resident Holder up to the amount of any shortfall as a partial refund of the issue price for the Subscription Receipt. Such refund amount generally will not be included in the Resident Holder's income and should reduce the cost of the Subscription Receipt to the Resident Holder.

For greater certainty, the Dividend Equivalent Payment will not be treated as a dividend for the purposes of the Tax Act and no part of the Dividend Equivalent Payment will benefit from the gross-up and dividend tax credit rules normally applicable in respect of taxable dividends received by individuals from "taxable Canadian corporations" (as defined in the Tax Act). Where the Dividend Equivalent Payment is received by a corporation, the amount will not be deductible in computing the corporation's taxable income and will not result in the requirement to pay the refundable Part IV tax.

Holding and Disposing of Common Shares

Disposition of Common Shares

A disposition or a deemed disposition of a Common Share by a Resident Holder (other than a tax-deferred transaction or a disposition to the Corporation that is not a sale in the open market in the manner in which shares would normally be purchased by any member of the public in an open market) will generally result in the Resident Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described under "Holders Resident in Canada Holding and Disposing of Common Shares Taxation of Capital Gains and Capital Losses".

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "taxable capital gain") realized by a Resident Holder in a taxation year must be included in the Resident Holder's income for the year. One-half of any capital loss (an "allowable capital loss") realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in the year of disposition. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act.

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The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share (or on a share for which the Common Share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares.

A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income", which is defined in the Tax Act to include taxable capital gains.

Capital gains realized by a Resident Holder who is an individual (other than certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. Resident Holders who are individuals should consult their own tax advisors in this regard.

Receipt of Dividends on Common Shares

Dividends received or deemed to be received on Common Shares held by a Resident Holder will be included in computing the Resident Holder's income for the purposes of the Tax Act. Such dividends received by a Resident Holder who is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Corporation as eligible dividends in accordance with the provisions of the Tax Act. By notice in writing on the Corporation's website, the Corporation has advised its shareholders that all dividends paid by the Corporation will be "eligible dividends" unless the Corporation otherwise notifies its shareholders.

Taxable dividends received by a Resident Holder who is an individual (other than certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. Resident Holders who are individuals should consult their own tax advisors in this regard.

A Resident Holder that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act (as proposed to be amended by Proposed Amendments released on July 31, 2015) will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations are urged to consult their own tax advisors having regard to their particular circumstances.

A Resident Holder that is a "private corporation" or "subject corporation" (as such terms are defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax of $38\frac{1}{3}\%$ of dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income. A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income", which is defined in the Tax Act to include dividends received or deemed to be received that are not deductible in computing income for a year.

Holders Not Resident In Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act is not, and is not deemed to be, resident in Canada and does not use or hold the Offered Securities in a business carried on in Canada (a "Non-Resident Holder"). This part of the summary is not applicable to Non-Resident Holders that are insurers carrying on an insurance business in Canada and elsewhere.

Holding and Disposing of Subscription Receipts

Acquisition of Common Shares pursuant to terms of the Subscription Receipts

A Non-Resident Holder of Subscription Receipts will not realize any capital gain or capital loss upon the acquisition of Common Shares pursuant to the terms of Subscription Receipts.

Other Dispositions of Subscription Receipts

On a disposition of a Subscription Receipt (other than on the acquisition of a Common Share pursuant to the terms of Subscription Receipts as discussed above), a Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized and may not recognize any capital loss incurred by such Non-Resident Holder, unless the Subscription Receipt constitutes "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and in respect of any capital gain, the Non-Resident Holder is not entitled to relief under an applicable income tax convention.

Provided the Common Shares are listed on a designated stock exchange (which currently includes the TSX) at the time of disposition of a Subscription Receipt, the Subscription Receipts will generally not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60-month period immediately preceding the disposition of the Subscription Receipt: (a) one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder does not deal at arm's length, (iii) partnerships in which the Non-Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships, has owned 25% or more of the issued shares of any class or series of the Corporation, and (b) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (i) real or immovable property situated in Canada; (ii) Canadian resource properties; (iii) timber resource properties; and (iv) options in respect of, or interests in or for civil law rights in, property in any of the foregoing whether or not the property exists.

A Non-Resident Holder contemplating a disposition of Subscription Receipts that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

Acquisition Failing to Close

In the event the Acquisition fails to close on or prior to the Termination Time, the Escrow Agent will pay to each holder of Subscription Receipts, the Termination Payment. The Termination Payment will be an amount equal to (i) the aggregate issue price of such holder's Subscription Receipts, plus (ii) any unpaid Dividend Equivalent Payments owing to such holders of Subscription Receipts. The Termination Payment will be comprised of the balance of the Escrowed Funds at the Termination Time, including any interest credited or received on the Escrowed Funds and, if the balance of the Escrowed Funds together with such interest is insufficient to cover the full amount of the Termination Payment, TransCanada will be contractually required to pay to the Escrow Agent as agent on behalf of holders of Subscription Receipts the Top Up.

The Top Up will be treated and reported as a dividend paid to a Non-Resident Holder and will be subject to Canadian withholding tax at the statutory rate of 25% of the gross amount thereof (subject to reduction under an applicable income tax convention between Canada and the Non-Resident Holder's country of residence). For instance, where the Non-Resident Holder is a resident of the United States that is entitled to full benefits under the *Canada-United States Income Tax Convention (1980)*, as amended, and is the beneficial owner of the payment, the rate of Canadian withholding tax is generally reduced to 15%.

Pro Rata Share of Interest

In the event that a Termination Event occurs, a portion of the Termination Payment paid to a Non-Resident Holder will be comprised of the Non-Resident Holder's pro rata share of interest credited or received on the Escrowed Funds, if any. A Non-Resident Holder will generally not be subject to Canadian withholding tax in respect of amounts paid or credited or deemed to have been paid or credited by the Escrow Agent as, on account or in lieu of payment of, or in satisfaction of, any such interest credited or received on the Escrowed Funds.

Dividend Equivalent Payment

As described above under "Details of the Offering" the holders of Subscription Receipts will be entitled to receive cash payments out of the Escrowed Funds (including from the interest credited or received thereon) equal to the Dividend Equivalent Payment concurrently with the payment of any dividends on the Common Shares in respect of which record dates occur during the period commencing on the Offering Closing Date to,

but excluding, the last day on which the Subscription Receipts remain outstanding. In addition, in the event that the Escrow Release Condition is not satisfied and the Termination Time occurs after dividends have been declared on the Common Shares but before the record date for such dividends, holders of Subscription Receipts will receive a pro rata Dividend Equivalent Payment in respect of such dividends declared on the Common Shares based on the ratio of the time between (i) the holder's last Dividend Equivalent Payment and the Termination Time to (ii) the holder's last Dividend Equivalent Payment and the dividend payment date for the dividends so declared. The Dividend Equivalent Payment, if any, will be paid first by way of a pro rata share of interest credited or received on the Escrowed Funds and thereafter out of the Escrowed Funds as a refund of a portion of the issue price of the Subscription Receipt.

The amount of such interest payable to a Non-Resident Holder will not be subject to tax under the Tax Act provided that such interest is not "participating debt interest" (within the meaning of the Tax Act). If such interest is considered to be participating debt interest, the amount paid to a Non-Resident Holder would be subject to Canadian withholding tax at the statutory rate of 25% (subject to reduction under an applicable income tax convention between Canada and the Non-Resident Holder's country of residence).

In this respect, it is uncertain whether or not such interest would constitute "participating debt interest" for purposes of the Tax Act. The Escrow Agent intends to withhold at the statutory rate of 25% (subject to reduction under an applicable income tax convention between Canada and the Non-Resident Holder's country of residence) on the portion of any Dividend Equivalent Payment which is paid by way of a pro rata share of interest credited or received on the Escrowed Funds that is paid to a Non-Resident Holder.

If the amount of the interest credited or received on the Escrowed Funds is less than the Dividend Equivalent Payment, an amount will be paid by the Escrow Agent out of the Escrowed Funds to the Non-Resident Holder up to the amount of any shortfall as a partial refund of the subscription price paid for the Subscription Receipt. Such shortfall amount generally should reduce the cost to the Non-Resident Holder of the Common Shares acquired on the exchange of the Subscription Receipts and should not be subject to Canadian withholding tax.

Non-Resident Holders are advised to consult their own tax advisors regarding the tax consequences of the receipt of a Dividend Equivalent Payment.

Holding and Disposing of Common Shares

Dividends on Common Shares

Any dividends paid or credited, or deemed to be paid or credited, on the Common Shares to a Non-Resident Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend or deemed dividend unless the rate is reduced under the provisions of an applicable income tax convention, which the Non-Resident Holder is entitled to the benefits of, between Canada and the Non-Resident Holder's country of residence. For instance, where the Non-Resident Holder is a resident of the United States that is entitled to full benefits under the *Canada-United States Income Tax Convention (1980)*, as amended, and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15%.

Disposition of Common Shares

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition of a Common Share, and may not recognize any capital loss realized, unless the Common Shares constitute "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax convention. For a description of "taxable Canadian property", see "Other Dispositions of Subscription Receipts" above as analogous tests will apply in respect of the Common Shares. A Non-Resident Holder contemplating a disposition of Common Shares that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

General

The following summary describes the material United States federal income tax consequences relating to an investment in each of the Subscription Receipts and the Common Shares. This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing final, temporary and proposed Treasury Regulations, rulings and judicial decisions, all as currently in effect and all of which are subject to prospective and retroactive rulings and changes. The Corporation will not seek a ruling from the Internal Revenue Service (the "IRS") with regard to the United States federal income tax treatment relating to investment in the Subscription Receipts or the Common Shares and, therefore, there can be no assurance that the IRS will agree with the conclusions set forth below.

This summary does not purport to address all United States federal income tax consequences that may be relevant to a particular investor and each investor is urged to consult its own tax advisor regarding its specific tax situation. The summary applies only to holders who hold Subscription Receipts and the Common Shares as "capital assets" (generally, property held for investment) under the Code, and does not address the tax consequences that may be relevant to investors in special tax situations including, for example:

insurance companies;

regulated investment companies and real estate investment trusts;

tax-exempt organizations;

broker-dealers;

traders in securities that elect to mark to market;

banks or other financial institutions;

investors whose functional currency is not the U.S. dollar;

United States expatriates;

investors that hold the Subscription Receipts or the Common Shares as part of a hedge, straddle or conversion transaction;

holders that purchase or otherwise acquire Subscription Receipts or the Common Shares other than through this Offering; or

holders that own, directly, indirectly, or constructively 10.0% or more of the Corporation's total combined voting stock.

Further, this summary does not address the alternative minimum tax consequences of an investment in Subscription Receipts or the Common Shares or the indirect consequences to holders of equity interests in entities that own the Subscription Receipts or the Common Shares. In addition, this summary does not address the United States federal estate and gift, state, local and foreign tax consequences of an investment in the Subscription Receipts or the Common Shares. Each investor is urged to consult its own tax advisor regarding the United States federal, state, local and foreign and other tax consequences of purchasing, owning, and disposing of the Subscription Receipts and the Common Shares in its particular circumstances.

An investor is a "United States holder" if it is a beneficial owner of Subscription Receipts or Common Shares and is:

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an individual citizen or resident of the United States;

a corporation, or any other entity taxable as a corporation, created or organized in or under the laws of the United States or any state thereof, including the District of Columbia;

an estate the income of which is subject to United States federal income tax regardless of its source;

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or a trust if a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all substantial decisions of the trust, or if the trust has made a valid election to be treated as a United States person.

If a partnership holds Subscription Receipts or the Common Shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships holding Subscription Receipts or the Common Shares should consult their own tax advisors.

A "Non-United States holder" is a beneficial owner of Subscription Receipts or the Common Shares that is not a United States holder and is not treated as a partnership for United States federal income tax purposes.

Taxation of Subscription Receipts

The United States federal income tax treatment of the Subscription Receipts for United States holders is subject to uncertainty. Except as provided below with respect to receipt of the Dividend Equivalent Payment, the Corporation does not intend to treat United States holders of Subscription Receipts as subject to tax for United States federal income tax purposes in respect of amounts earned on the Escrowed Funds unless and until, depending upon the holder's method of tax accounting, such holders are entitled to such amounts or such amounts are distributed to such holders (which income would include amounts withheld in respect of any Canadian withholding tax). However, it is possible that the IRS could successfully assert that a United States holder of Subscription Receipts is subject to tax with respect to the holder's share of the income earned on Escrowed Funds at or before relinquishment of such Subscription Receipts even if Common Shares rather than the holder's share of Escrowed Funds are received.

Notwithstanding any change in value of the Common Shares after the Offering Closing Date, no gain or loss will be recognized upon any receipt of the Common Shares. In addition, a United States holder's disposition of Subscription Receipts prior to relinquishment either for Common Shares or for the holder's share of Escrowed Funds will generally result in such holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of the disposition are greater (or less) than its adjusted tax basis in the Subscription Receipts (except that, possibly, ordinary income could arise with respect to entitlement to a Dividend Equivalent Payment).

Prospective purchasers of Subscription Receipts are urged to consult their own tax advisors regarding the United States federal income tax consequences of the purchase, ownership, settlement, and disposition of the Subscription Receipts.

Pro Rata Share of Interest

As described above under "Details of the Offering", in the event that a Termination Event occurs, holders of Subscription Receipts shall, commencing on the third business day following the Outside Date or the Termination Date as the case may be, be entitled to receive from the Escrow Agent out of the Escrowed Funds an amount equal to the aggregate issue price of their Subscription Receipts, a portion of which will be comprised of their pro rata share of interest credited or received on the Escrowed Funds, if any. Such payment likely will be treated as ordinary interest income to United States holders and will be foreign source income for foreign tax credit purposes and the Corporation intends, to the extent it is required to do so, to report it as such.

Dividend Equivalent Payment

As described above under "Details of the Offering", if a dividend is declared by the Corporation prior to the Termination Date, the holders of Subscription Receipts will be entitled to receive the Dividend Equivalent Payment out of the Escrowed Funds concurrently with the payment date of each such dividend. The Dividend Equivalent Payment, if any, will be paid first by way of a pro rata share of interest credited or received on the Escrowed Funds.

Such payment likely will be treated as ordinary interest income to United States holders and will be foreign source income for foreign tax credit purposes and the Corporation intends, to the extent it is required to do so, to report it as such.

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If the amount of the interest credited or received on the Escrowed Funds is less than the Dividend Equivalent Payment, an amount will be paid by the Escrow Agent out of the Escrowed Funds to the United States Holder up to the amount of any shortfall as a partial refund of the subscription price paid for the Subscription Receipt. Such shortfall amount generally will reduce the cost, and therefore initial tax basis, to the United States Holder of the Common Shares acquired on the exchange of the Subscription Receipts and will not be subject to United States tax at such time.

If, on Termination of the Escrow, the Corporation is required as a result of the payment of Dividend Equivalent Payments to pay an amount such that the Termination Payment equals the amount to which a holder of Subscription Receipts is entitled, such holder likely would be required to include such amount in income, as ordinary interest income, for U.S. federal income tax purposes.

Distributions on Common Shares

Cash distributions made by the Corporation to a United States holder with respect to Common Shares (including amounts withheld in respect of any Canadian withholding taxes) generally will be taxable to such United States holder as ordinary dividend income when such United States holder receives the distribution, actually or constructively, to the extent paid out of the Corporation's current or accumulated earnings and profits (as determined for United States federal income tax purposes). If these dividends constitute qualified dividend income ("QDI"), non-corporate United States holders, including individuals, of the Common Shares will generally pay tax on such dividends received at a maximum rate of 20%, provided certain holding period requirements and other conditions are satisfied. Assuming the Corporation is not a passive foreign investment company (as discussed below) during the taxable year in which the dividend is paid or the preceding taxable year, dividends paid by the Corporation will be QDI if the Corporation is a qualified foreign corporation ("QFC") at the time the dividends are paid. The Corporation believes that it is currently, and will continue to be, a QFC so as to allow all dividends paid by it to be QDI for United States federal income tax purposes. Distributions in excess of the Corporation's current and accumulated earnings and profits will be treated first as a non-taxable return of capital reducing such United States holder's tax basis in the Common Shares. Any distribution in excess of such tax basis will be treated as capital gain and will be either long-term or short-term capital gain depending upon whether the United States holder held the Common Shares for more than one year. Dividends paid by the Corporation generally will not be eligible for the dividends-received deduction available to certain United States corporate shareholders.

Subject to certain limitations, a United States holder may be entitled to a credit or deduction against its United States federal income taxes for the amount of any Canadian taxes that are withheld from dividend distributions made to such United States holder. The decision to claim either a credit or deduction must be made annually and will apply to all foreign taxes paid by the United States holder to any foreign country or United States possession with respect to the applicable tax year. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. Income received with respect to the Common Shares will be treated as foreign source income and generally will constitute "passive category income" or "general category income" for United States foreign tax credit limitation purposes. The rules regarding the availability of foreign tax credits are complex and United States holders may be subject to various limitations on the amount of foreign tax credits that are available. The Corporation therefore urges prospective purchasers to consult their own tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

The amount of any cash distribution paid in Canadian dollars will equal the U.S. dollar value of the distribution, calculated by reference to the exchange rate in effect on the date of the distribution is includable in income by the United States holder, regardless of whether the payment is in fact converted to U.S. dollars at that time. Generally, a United States holder should not recognize any foreign currency gain or loss if such Canadian dollars are converted into U.S. dollars on the date of the distribution. If the Canadian dollars are not converted into U.S. dollars on such date, however, gain or loss may be recognized upon a subsequent sale or other disposition of the Canadian dollars. Such foreign currency gain or loss, if any, will be United States source ordinary income or loss.

Sale or Exchange of Common Shares

A United States holder will generally recognize capital gain or loss upon the sale, exchange or other disposition of the Common Shares measured by the difference between the amount received and the United States holder's tax basis in the Common Shares which should generally equal the United States holder's tax basis in the Subscription Receipts. Any gain or loss will be long-term capital gain or loss if the Common Shares have been held for more than one year and will generally be United States source gain or loss. For this purpose, the holding period in the Common Shares received upon relinquishment of the Subscription Rights generally will begin on the day following such relinquishment. A holder's ability to deduct capital losses is subject to limitations.

For cash-basis United States holders that receive foreign currency in connection with a sale or other taxable disposition of Common Shares, the amount realized will be based upon the United States dollar value of the foreign currency received with respect to such Common Shares as determined on the settlement date of such sale or other taxable disposition. Accrual-basis United States holders may elect the same treatment required of cash-basis taxpayers with respect to a sale or other taxable disposition of Common Shares, provided that the election is applied consistently from year to year. Such election cannot be changed without the consent of the IRS. Accrual-basis United States holders that do not elect to be treated as cash-basis taxpayers (pursuant to the Treasury Regulations applicable to foreign currency transactions) for this purpose may have a foreign currency gain or loss for United States federal income tax purposes because of differences between the United States dollar value of the foreign currency received prevailing on the date of such sale or other taxable disposition and the value prevailing on the date of payment. Any such currency gain or loss will generally be treated as ordinary income or loss that is United States source, in addition to the gain or loss, if any, recognized on the sale or other taxable disposition of Common Shares.

Passive Foreign Investment Company Rules

United States holders generally will be subject to a special, adverse tax regime that would differ in certain respects from the tax treatment described above if the Corporation is, or were to become, a passive foreign investment company ("PFIC") for United States federal income tax purposes. Although the determination of whether a corporation is a PFIC is made annually based on the facts and circumstances in existence at such time and consequently may be subject to change, the Corporation does not believe that the Corporation is, nor does the Corporation expect to become, a PFIC for United States federal income tax purposes. However, the matter is not free from doubt. The Corporation urges holders to consult their own tax advisors regarding the adverse tax consequences of owning the Common Shares were we to be a PFIC and making certain elections designed to lessen those adverse consequences.

Additional Tax on Net Investment Income

Certain individuals, estates and trusts whose income exceeds certain thresholds are required to pay a 3.8% additional tax on "net investment income," including, among other things, dividends and net gain from disposition of property (other than property held in a trade or business). Accordingly, dividends on and capital gain from the sale or other taxable disposition of the Common Shares may be subject to this additional tax.

Taxation of Non-United States holders

Non-United States holders generally will not be subject to United States federal income or withholding tax on dividends received from the Corporation with respect to Common Shares, unless such income is considered effectively connected with the Non-United States holder's conduct of a United States trade or business (and, if required by an applicable income tax treaty, the income is attributable to a permanent establishment maintained in the United States). Non-United States holders generally will not be subject to United States federal income tax on any gain realized upon the sale, exchange or other disposition of Common Shares unless:

such gain is considered effectively connected with the Non-United States holder's conduct of a United States trade or business (and, if required by an applicable income tax treaty, the income is attributable to a permanent establishment maintained in the United States); or

if such Non-United States holder is an individual that is present in the United States for 183 days or more during the taxable year of the disposition and certain other conditions are met.

In addition, if the holder is a corporate Non-United States holder, any effectively connected dividend income or gain (subject to certain adjustments) may be subject to an additional branch profits tax at a rate of 30% (unless reduced or exempted by an applicable income tax treaty).

Backup Withholding and Information Reporting

In general, payments in respect of income earned on the holder's share of Escrowed Funds received in lieu of Common Shares, dividends on Common Shares, and payments of the proceeds of a sale, exchange or other disposition of Common Shares, paid to a United States holder within the United States or through certain United States-related financial intermediaries are subject to information reporting and may be subject to backup withholding at a rate of 28% unless the holder is a corporation or other exempt recipient, or provides an accurate taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred.

Non-United States holders generally are not subject to information reporting or backup withholding. However, such holders may be required to provide a certification to establish its non-U.S. status in connection with payments received within the United States or through certain U.S.-related financial intermediaries.

Backup withholding is not an additional tax. A holder generally will be allowed a credit of the amount of any backup withholding against its United States federal income tax liability by timely furnishing the required information to the IRS or may obtain a refund of any amounts withheld under the backup withholding rules that exceed the holder's income tax liability by timely filing a refund claim with the IRS.

ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Norton Rose Fulbright Canada LLP, counsel to the Underwriters, based on the provisions of the Tax Act in force on the date hereof, the Subscription Receipts and the Common Shares issuable pursuant to the terms of the Subscription Receipts will be qualified investments at the time of acquisition by a trust governed by a registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), deferred profit sharing plan, registered education savings plan, registered disability savings plan, or a tax-free savings account ("TFSA"), each as defined in the Tax Act (each a "Plan") provided that, at the time of the acquisition by the Plan, (i) in the case of the Common Shares, either such shares are listed on a "designated stock exchange" as defined in the Tax Act, (which includes the TSX) or the Corporation is a "public corporation", as such terms are defined in the Tax Act, and (ii) in the case of the Subscription Receipts, either the Subscription Receipts are listed on a designated stock exchange or (a) the Common Shares are listed on a designated stock exchange, (b) neither the Corporation, nor any person with whom the Corporation does not deal at arm's length for the purposes of the Tax Act, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the particular Plan, and (c) the Escrowed Funds are invested in qualified investments for Plans.

Notwithstanding that Subscription Receipts and Common Shares may be qualified investments for a trust governed by an RRSP, RRIF or TFSA, the holder of a TFSA or the annuitant of an RRSP or RRIF, as the case may be, will be subject to a penalty tax if the Subscription Receipts and/or Common Shares, as the case may be, are a "prohibited investment" within the meaning of the Tax Act. The Subscription Receipts and Common Shares will not be a prohibited investment for a TFSA, RRSP or RRIF provided the holder of a TFSA or annuitant of the RRSP or RRIF, as the case may be, (i) deals at arm's length with the Corporation, for purposes of the Tax Act, and (ii) does not have a "significant interest" (as defined in the Tax Act) in the Corporation. **Prospective investors who intend to hold Subscription Receipts or Common Shares in their TFSA, RRSP or RRIF are urged to consult their own tax advisors regarding their particular circumstances.**

LEGAL MATTERS

Certain matters will be passed upon for us by Blake, Cassels & Graydon LLP, Calgary, Alberta and by Mayer Brown LLP, Chicago, Illinois. The statements under "Certain Canadian Income Tax Considerations" are set forth herein in reliance upon the opinion of Blake, Cassels & Graydon LLP and the opinion of Norton Rose Fulbright Canada LLP. The statements under "Certain U.S. Federal Income Tax Considerations" are set forth herein in reliance upon the opinion of Mayer Brown LLP. As to matters of Canadian law, Mayer Brown LLP will rely upon the opinion of Blake, Cassels & Graydon LLP. In addition, certain legal matters relating to Canadian law in connection with the Offering will be passed upon for the Underwriters by Norton Rose Fulbright Canada LLP and certain legal matters relating to U.S. law in connection with the Offering will be passed upon for the Underwriters by Paul, Weiss, Rifkind, Wharton & Garrison LLP, Toronto, Ontario and New York, New York.

EXPERTS

The consolidated financial statements of the Corporation as at December 31, 2015 and 2014 and for each of the years in the three-year period ended December 31, 2015, have been incorporated by reference herein and in the registration statement in reliance upon the report of KPMG LLP, Chartered Professional Accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated and combined financial statements of Columbia as of December 31, 2015 and 2014, and for each of the three years in the period ended December 31, 2015, included in Annex A to this prospectus and in the registration statement have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is included in Annex A hereto (which report expresses an unqualified opinion and includes an explanatory paragraph relating to Columbia's initial public offering of limited partner interests of Columbia MLP which was completed on February 11, 2015 and Columbia's spin-off from NiSource on July 1, 2015). Such consolidated and combined financial statements have been so included herein in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT

The following documents have been or will be filed with the SEC as part of the registration statement of which this prospectus forms a part: the documents referred to under "Documents Incorporated by Reference"; consent of KPMG LLP; consent of Deloitte & Touche LLP; consent of Blake, Cassels & Graydon LLP; consent of Mayer Brown LLP; consent of Norton Rose Fulbright Canada LLP and powers of attorney from directors and officers of the Corporation.

INTERESTS OF EXPERTS

As at the date of this prospectus, the partners and associates of Blake, Cassels & Graydon LLP, as a group, the partners and associates of Norton Rose Fulbright Canada LLP, as a group, and the partners and associates of Mayer Brown LLP, as a group, beneficially own, directly or indirectly, less than 1% of any class of securities of the Corporation. In connection with the audit of the Corporation's annual financial statements for the year ended December 31, 2015, KPMG LLP confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations and also that they are independent accountants under all relevant U.S. professional and regulatory standards. Deloitte & Touche LLP, an independent registered public accounting firm, is independent with respect to Columbia within the meaning of the Act and the applicable rules and regulations thereunder adopted by the SEC and the Public Company Accounting Oversight Board (United States).

AUDITORS, TRANSFER AGENT, AND REGISTRAR

The Corporation's auditors are KPMG LLP, Chartered Professional Accountants, Calgary, Alberta.

The auditors of Columbia are Deloitte & Touche LLP located in Columbus, Ohio.

The transfer agent and registrar for the Subscription Receipts and Common Shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta, and Toronto, Ontario.

ANNEX A

FINANCIAL STATEMENTS

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COLUMBIA PIPELINE GROUP, INC.

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FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

COLUMBIA PIPELINE GROUP, INC.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Columbia Pipeline Group, Inc.
Houston, Texas

We have audited the accompanying consolidated balance sheets of Columbia Pipeline Group, Inc. and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related statements of consolidated and combined operations, comprehensive income, cash flows and equity for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated and combined financial statements present fairly, in all material respects, the financial position of the Columbia Pipeline Group, Inc. as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated and combined financial statements, on February 11, 2015 the Company completed the initial public offering of limited partner interests of Columbia Pipeline Partners LP for net proceeds of \$1,168.4 million and as discussed in Note 1 on July 1, 2015 the Company completed its spin-off from NiSource Inc.

/s/ DELOITTE & TOUCHE LLP
Columbus, Ohio
February 18, 2016

(February 22, 2016 as to Note 27)

COLUMBIA PIPELINE GROUP, INC.

CONSOLIDATED BALANCE SHEETS

(in millions)	December 31, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 930.9	\$ 0.5
Accounts receivable (less reserve of \$0.6 and \$0.6, respectively)	152.4	149.4
Accounts receivable-affiliated		180.0
Materials and supplies, at average cost	32.8	24.9
Exchange gas receivable	19.0	34.8
Deferred property taxes	52.0	48.9
Deferred income taxes		60.0
Prepayments and other	48.5	20.8
Total Current Assets	1,235.6	519.3
Investments		
Unconsolidated affiliates	438.1	444.3
Other investments	13.8	2.7
Total Investments	451.9	447.0
Property, Plant and Equipment		
Property, plant and equipment	9,052.3	7,935.4
Accumulated depreciation and amortization	(2,988.6)	(2,976.8)
Net Property, Plant and Equipment	6,063.7	4,958.6
Other Noncurrent Assets		
Regulatory assets	177.7	151.9
Goodwill	1,975.5	1,975.5
Postretirement and postemployment benefits assets	115.7	90.0
Deferred charges and other	36.1	15.2
Total Other Noncurrent Assets	2,305.0	2,232.6
Total Assets	\$ 10,056.2	\$ 8,157.5

The accompanying Notes to Consolidated and Combined Financial Statements are an integral part of these statements.

COLUMBIA PIPELINE GROUP, INC.

CONSOLIDATED BALANCE SHEETS (Continued)

(in millions, except share amounts)	December 31, 2015	December 31, 2014
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of long-term debt-affiliated	\$	\$ 115.9
Short-term borrowings	15.0	
Short-term borrowings-affiliated		252.5
Accounts payable	56.8	56.0
Accounts payable-affiliated		53.6
Customer deposits	17.9	13.4
Taxes accrued	106.0	103.2
Interest accrued	9.5	
Exchange gas payable	18.6	34.7
Deferred revenue	15.0	22.5
Accrued capital expenditures	100.1	61.1
Accrued compensation and related costs	51.9	31.2
Other accruals	70.0	40.1
Total Current Liabilities	460.8	784.2
Noncurrent Liabilities		
Long-term debt	2,746.2	
Long-term debt-affiliated		1,472.8
Deferred income taxes	1,348.1	1,255.7
Accrued liability for postretirement and postemployment benefits	49.4	53.0
Regulatory liabilities	321.6	295.7
Asset retirement obligations	25.7	23.2
Other noncurrent liabilities	91.4	96.6
Total Noncurrent Liabilities	4,582.4	3,197.0
Total Liabilities	5,043.2	3,981.2
Commitments and Contingencies (Refer to Note 19)		
Equity		
Common stock, \$0.01 par value, 2,000,000,000 shares authorized; 399,841,350 and no shares outstanding, respectively	4.0	
Additional paid-in capital	4,032.7	
Retained earnings	46.9	
Net parent investment		4,210.8
Accumulated other comprehensive loss	(27.0)	(34.5)
Total CPG Equity	4,056.6	4,176.3
Noncontrolling Interest	956.4	
Total Equity	5,013.0	4,176.3
Total Liabilities and Equity	\$ 10,056.2	\$ 8,157.5

The accompanying Notes to Consolidated and Combined Financial Statements are an integral part of these statements.

COLUMBIA PIPELINE GROUP, INC.

STATEMENTS OF CONSOLIDATED AND COMBINED OPERATIONS

Year Ended December 31, (in millions, except per share amounts)	2015	2014	2013
			Predecessor
Operating Revenues			
Transportation revenues	\$ 1,054.4	\$ 990.8	\$ 850.9
Transportation revenues-affiliated	47.5	95.7	94.1
Storage revenues	171.4	144.0	142.8
Storage revenues-affiliated	26.2	53.2	53.6
Other revenues	35.4	64.3	39.1
Total Operating Revenues	1,334.9	1,348.0	1,180.5
Operating Expenses			
Operation and maintenance	652.1	628.4	509.0
Operating and maintenance-affiliated	52.9	123.2	118.6
Depreciation and amortization	139.9	118.8	107.0
Gain on sale of assets and impairment, net	(52.9)	(34.5)	(18.6)
Property and other taxes	75.3	67.1	62.2
Total Operating Expenses	867.3	903.0	778.2
Equity Earnings in Unconsolidated Affiliates	60.5	46.6	35.9
Operating Income	528.1	491.6	438.2
Other Income (Deductions)			
Interest expense	(67.6)		
Interest expense-affiliated	(29.3)	(62.0)	(37.9)
Other, net	29.3	8.8	17.9
Total Other Deductions, net	(67.6)	(53.2)	(20.0)
Income from Continuing Operations before Income Taxes	460.5	438.4	418.2
Income Taxes	153.0	169.7	146.5
Income from Continuing Operations	\$ 307.5	\$ 268.7	\$ 271.7
(Loss) Income from Discontinued Operations-net of taxes	(0.4)	(0.6)	9.0
Net Income	\$ 307.1	\$ 268.1	\$ 280.7
Less: Net income attributable to noncontrolling interest	39.9		
Net Income Attributable to CPG	\$ 267.2		
Amounts Attributable to CPG:			
Income from continuing operations	\$ 267.6	\$ 268.7	\$ 271.7
(Loss) Income from discontinued operations-net of taxes	(0.4)	(0.6)	9.0
Net Income Attributable to CPG	\$ 267.2	\$ 268.1	\$ 280.7
Basic Earnings Per Share			
Continuing operations	\$ 0.81	\$ 0.84	\$ 0.86
Discontinued operations			0.03
Basic Earnings Per Share	\$ 0.81	\$ 0.84	\$ 0.89

Diluted Earnings Per Share				
Continuing operations	\$	0.81	\$	0.84
Discontinued operations				0.86
				0.03
Diluted Earnings Per Share	\$	0.81	\$	0.84
				0.89
Basic Average Common Shares Outstanding		328.5		317.6
Diluted Average Common Shares		329.1		317.6
Dividends Declared Per Common Share	\$	0.25	\$	

The accompanying Notes to Consolidated and Combined Financial Statements are an integral part of these statements.

COLUMBIA PIPELINE GROUP, INC.

STATEMENTS OF CONSOLIDATED AND COMBINED COMPREHENSIVE INCOME

Year Ended December 31, (in millions, net of taxes)	2015	2014	2013
			Predecessor
Net Income	\$ 307.1	\$ 268.1	\$ 280.7
Other comprehensive income			
Net unrealized gain on cash flow hedges ⁽¹⁾	0.2	1.0	1.1
Unrecognized pension and OPEB benefit (costs) ⁽²⁾⁽³⁾	5.2	(9.7)	8.2
Total other comprehensive income (loss)	5.4	(8.7)	9.3
Total Comprehensive Income	312.5	259.4	290.0
Less: Comprehensive Income-noncontrolling interest	40.0		
Comprehensive Income-controlling interests	\$ 272.5	\$ 259.4	\$ 290.0

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- (1) Net unrealized gain on derivatives qualifying as cash flow hedges, net of \$0.2 million, \$0.7 million and \$0.6 million tax expense in 2015, 2014 and 2013, respectively.
- (2) Unrecognized pension and other postretirement ("OPEB") benefit (costs), net of \$1.2 million tax benefit, \$6.1 million tax benefit, and \$5.3 million tax expense in 2015, 2014 and 2013, respectively.
- (3) Unrecognized pension and OPEB costs are primarily related to pension and OPEB remeasurement recorded during 2015.

The accompanying Notes to Consolidated and Combined Financial Statements are an integral part of these statements.

COLUMBIA PIPELINE GROUP, INC.

STATEMENTS OF CONSOLIDATED AND COMBINED CASH FLOWS

Year Ended December 31, (in millions)	2015	2014	2013
			Predecessor
Operating Activities			
Net Income	\$ 307.1	\$ 268.1	\$ 280.7
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:			
Depreciation and amortization	139.9	118.8	107.0
Deferred income taxes and investment tax credits	131.9	142.6	173.9
Deferred revenue	4.2	1.6	(7.8)
Equity-based compensation expense and profit sharing contribution	9.4	6.3	2.2
Gain on sale of assets and impairment, net	(52.9)	(34.5)	(18.6)
Equity earnings in unconsolidated affiliates	(60.5)	(46.6)	(35.9)
Loss (income) from discontinued operations-net of taxes	0.4	0.6	(9.0)
Amortization of debt related costs	3.1		
AFUDC equity	(28.3)	(11.0)	(6.8)
Distributions of earnings received from equity investees	57.2	37.8	32.1
Changes in Assets and Liabilities:			
Accounts receivable	(17.4)	(20.3)	2.8
Accounts receivable-affiliated	34.7	(3.6)	(10.1)
Accounts payable	(5.0)	2.8	5.5
Accounts payable-affiliated	(53.6)	12.4	16.3
Customer deposits	(22.9)	77.5	1.3
Taxes accrued	8.2	12.0	(33.8)
Interest accrued	9.4		
Exchange gas receivable/payable	(0.3)	1.1	(0.5)
Other accruals	50.2	0.9	0.8
Prepayments and other current assets	(27.1)	(4.4)	21.7
Regulatory assets/liabilities	20.2	9.0	42.6
Postretirement and postemployment benefits	(4.4)	(1.3)	(115.3)
Deferred charges and other noncurrent assets	(16.3)	(4.3)	9.9
Other noncurrent liabilities	6.5	0.7	(15.6)
Net Operating Activities from Continuing Operations	493.7	566.2	443.4
Net Operating Activities (used for) from Discontinued Operations	(0.2)	(1.4)	13.8
Net Cash Flows from Operating Activities	493.5	564.8	457.2
Investing Activities			
Capital expenditures	(1,181.0)	(747.2)	(674.8)
Insurance recoveries	2.1	11.3	6.4
Changes in short-term lendings-affiliated	145.5	(57.2)	(3.2)
Proceeds from disposition of assets	77.6	9.3	15.4
Contributions to equity investees	(1.4)	(69.2)	(125.5)
Distributions from equity investees	16.0		
Other investing activities	(27.4)	(7.1)	(9.2)
Net Cash Flows used for Investing Activities	(968.6)	(860.1)	(790.9)
Financing Activities			
Change in short-term borrowings	15.0		
Change in short-term borrowings-affiliated	(252.5)	(467.1)	391.0
Issuance of long-term debt	2,745.9		
Debt related costs	(23.6)	(6.4)	
Issuance of long-term debt-affiliated	1,217.3	768.9	65.1
Payments of long-term debt-affiliated, including current portion	(2,807.8)		
Proceeds from issuance of common units, net of offering costs	1,168.4		
Issuance of common stock, net of offering costs	1,394.7		
Distribution of IPO proceeds to parent	(500.0)		
Distribution to parent	(1,450.0)		(123.0)
Distribution to noncontrolling interest	(23.2)		
Dividends paid common stock	(79.5)		
Transfer from parent	0.8		

Net Cash Flows from Financing Activities	1,405.5	295.4	333.1
Change in cash and cash equivalents	930.4	0.1	(0.6)
Cash and cash equivalents at beginning of period	0.5	0.4	1.0
Cash and Cash Equivalents at End of Period	\$ 930.9	\$ 0.5	\$ 0.4

The accompanying Notes to Consolidated and Combined Financial Statements are an integral part of these statements.

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COLUMBIA PIPELINE GROUP, INC.

STATEMENTS OF CONSOLIDATED AND COMBINED EQUITY

(in millions)		Common	Additional	Retained	Net Parent	Accumulated Other Comprehensive Income (Loss)	Noncontrolling interest	Total
		Stock	Paid-in Capital	Earnings	Investment			
Balance as of January 1, 2013	<i>Predecessor</i>	\$	\$	\$	\$ 3,778.4	\$ (35.1)	\$	\$ 3,743.3
Net Income					280.7			280.7
Other comprehensive income, net of tax						9.3		9.3
Dividends to parent					(123.0)			(123.0)
Net transfers from parent					5.3			5.3
Balance as of December 31, 2013	<i>Predecessor</i>	\$	\$	\$	\$ 3,941.4	\$ (25.8)	\$	\$ 3,915.6
Net Income					268.1			268.1
Other comprehensive loss, net of tax						(8.7)		(8.7)
Net transfers from parent					1.3			1.3
Balance as of December 31, 2014		\$	\$	\$	\$ 4,210.8	\$ (34.5)	\$	\$ 4,176.3
Net Income				126.4	140.8		39.9	307.1
Other comprehensive income, net of tax						5.3	0.1	5.4
Allocation of AOCI to noncontrolling interest						2.2	(2.2)	
Issuance of common units of CPPL							1,168.4	1,168.4
Distribution of IPO proceeds to NiSource					(500.0)			(500.0)
Distribution to NiSource					(1,450.0)			(1,450.0)
Sale of interest in Columbia OpCo to CPPL ⁽¹⁾					227.1		(227.1)	
Distributions to noncontrolling interest							(23.2)	(23.2)
Net transfers from NiSource prior to Separation					6.3			6.3
Reclassification of net parent investment to additional paid-in capital			2,635.0		(2,635.0)			
Issuance of common stock at Separation		3.2	(3.2)					
Net transfers from NiSource subsequent to Separation				1.0			0.5	1.5
Issuance of common stock, net of offering costs		0.8	1,393.9					1,394.7
Long-term incentive plan			6.0					6.0
Common stock dividends				(79.5)				(79.5)
Balance as of December 31, 2015		\$ 4.0	\$ 4,032.7	\$ 46.9	\$	\$ (27.0)	\$ 956.4	\$ 5,013.0

(1)

Represents the sale of an additional 8.4% limited partner interest in Columbia OpCo, recorded at the historical carrying value of Columbia OpCo's net assets after giving effect to the \$1,168.4 million equity contribution. This decreases the noncontrolling interest by the same amount it increases the net parent investment because CPPL's purchase price for its additional 8.4% interest in Columbia OpCo exceeded book value.

The accompanying Notes to Consolidated and Combined Financial Statements are an integral part of these statements.

COLUMBIA PIPELINE GROUP, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Company Structure and Basis of Presentation. Columbia Pipeline Group, Inc. ("CPG") is a growth-oriented Delaware corporation formed by NiSource Inc. ("NiSource") on September 26, 2014 to own, operate and develop a portfolio of pipelines, storage and related midstream assets. CPG owns and operates, through its subsidiaries, approximately 15,000 miles of strategically located interstate gas pipelines extending from New York to the Gulf of Mexico and one of the nation's largest underground natural gas storage systems, with approximately 300 MMDth of working gas capacity, as well as related gathering and processing assets. CPG indirectly owns the general partner of CPPL and all of CPPL's subordinated units and incentive distribution rights. CPG did not have any material assets or liabilities as a separate corporate entity until the contribution of CEG from NiSource on February 11, 2015. As a result of this contribution, the financial statements for periods as of and subsequent to September 26, 2014 reflect the consolidated financial position, results of operations and cash flows for CPG. All periods prior to September 26, 2014 reflect the combined financial position, results of operations and cash flows for CPG's Predecessor (the "Predecessor").

CPG is engaged in regulated gas transportation and storage services for LDCs, marketers, producers and industrial and commercial customers located in northeastern, mid-Atlantic, Midwestern and southern states and the District of Columbia along with unregulated businesses that include midstream services, including gathering, treating, conditioning, processing, compression and liquids handling, and development of mineral rights positions. The regulated services are performed under a tariff at rates subject to FERC approval.

Separation. On June 2, 2015, NiSource announced that its board of directors approved the separation of CPG from NiSource (the "Separation") through the distribution of CPG common stock to holders of NiSource common stock as of June 19, 2015 (the "Record Date"). On July 1, 2015, NiSource distributed, pursuant to an effective registration statement on Form 10, 317.6 million shares, one share of CPG common stock for every one share of NiSource common stock held by NiSource stockholders on the Record Date. As of July 1, 2015, CPG is an independent, publicly traded company, and NiSource did not retain any ownership interest in CPG. CPG's common stock began trading "regular-way" under the ticker symbol "CPGX" on the NYSE on July 2, 2015. In connection with the Separation, CPG completed the following transactions:

In May 2015, CPG completed its private placement of senior notes and received proceeds of approximately \$2,722.3 million. CPG utilized a portion of the proceeds to repay approximately \$1,087.3 million of intercompany debt and short-term borrowings, including, net amounts due from the money pool between CPG and NiSource Finance Corp. ("NiSource Finance");

CPG further utilized the proceeds from the senior notes to make a cash distribution of approximately \$1,450.0 million to NiSource; and

Accounts related to NiSource and its subsidiaries, including accounts receivable and accounts payable, were reclassified from affiliated to non-affiliated.

Agreements with NiSource following the Separation. CPG entered into the Separation and Distribution Agreement and several other agreements with NiSource to effect the Separation and provide a framework for CPG's relationship with NiSource, and its subsidiaries, after the Separation. The Separation and Distribution Agreement contains many of the key provisions related to CPG's separation from NiSource and the distribution of CPG's shares of common stock to NiSource's stockholders, including cross-indemnities between CPG and NiSource. In general, NiSource has agreed to indemnify CPG for any liabilities relating to NiSource's business and CPG has agreed to indemnify NiSource for any liabilities

COLUMBIA PIPELINE GROUP, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

relating to CPG's business. In addition to the Separation and Distribution Agreement, CPG entered into the following agreements with NiSource related to the Separation:

Tax Allocation Agreement Provides for the respective rights, responsibilities, and obligations of NiSource and CPG with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, tax contests, and certain other matters regarding taxes.

Employee Matters Agreement Provides for the respective obligations to employees and former employees who are or were associated with CPG (including those employees who transferred employment from NiSource to CPG prior to the Separation) and for other employment and employee benefits matters.

Transition Services Agreement Provides for the provision of certain transitional services by NiSource to CPG, and vice versa. The services may include the provision of administrative and other services identified by the parties. The charge for these services is expected to be based on actual costs incurred by the party rendering the services without profit.

CPG's accompanying Consolidated and Combined Financial Statements have been prepared in accordance with GAAP. These financial statements include the accounts of the following subsidiaries: Columbia Gas Transmission, Columbia Gulf, Columbia Midstream, CEVCO, CNS Microwave, Crossroads, CPGSC, CEG, Columbia Remainder Corporation, CPP GP LLC, CPPL, OpCo GP, Columbia OpCo and CPG. Also included in the Consolidated and Combined Financial Statements are equity method investments Hardy Storage, Millennium Pipeline, and Pennant. All intercompany transactions and balances have been eliminated.

B. Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Cash and Cash Equivalents. Cash and cash equivalents are liquid marketable securities with an original maturity date of less than three months.

D. Allowance for Uncollectible Accounts. The reserve for uncollectible receivables is CPG's best estimate of the amount of probable credit losses in the existing accounts receivable. Collectability of accounts receivable is reviewed regularly and an allowance is established or adjusted, as necessary, using the specific identification method. Account balances are charged against the allowance when it is anticipated the receivable will not be recovered.

E. Basis of Accounting for Rate-Regulated Subsidiaries. Rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the Consolidated Balance Sheets and are recognized in income as the related amounts are included in service rates and recovered from or refunded to customers.

In the event that regulation significantly changes the opportunity for CPG to recover its costs in the future, all or a portion of CPG's regulated operations may no longer meet the criteria for regulatory accounting. In such an event, a write-down of all or a portion of CPG's existing regulatory assets and liabilities could result. If CPG is unable to continue to apply the provisions of regulatory accounting, CPG would be required to

COLUMBIA PIPELINE GROUP, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

apply the provisions of Discontinuation of Rate-Regulated Accounting. In management's opinion, CPG's regulated subsidiaries will be subject to regulatory accounting for the foreseeable future. Please see Note 11, "Regulatory Matters," in the Notes to Consolidated and Combined Financial Statements for further discussion.

F. Property, Plant and Equipment and Related AFUDC and Maintenance. Property, plant and equipment is stated at cost. CPG's rate-regulated subsidiaries record depreciation using composite rates on a straight-line basis over the remaining service lives of the properties as approved by the appropriate regulators. CPG's non-regulated companies depreciate assets on a component basis on a straight-line basis over the remaining service lives of the properties.

CPG capitalizes AFUDC on all classes of property except organization costs, land, autos, office equipment, tools and other general property purchases. The allowance is applied to construction costs for that period of time between the date of the expenditure and the date on which such project is placed in service. A combination of short-term borrowings, long-term debt and equity were used to fund construction efforts for all three years presented. The pre-tax rate for AFUDC debt and ADUFC equity are summarized in the table below:

	2015		2014		2013	
	Debt	Equity	Debt	Equity	Debt	Equity
	Predecessor					
Columbia Gas Transmission	1.8%	6.3%	0.9%	3.0%	2.5%	3.2%
Columbia Gulf	2.9%	6.3%	2.1%	9.4%	2.5%	3.2%