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NewsRelease

TransCanada Reports 8% Increase in Third Quarter Net Earnings --

Declares 152nd Consecutive Quarterly Dividend

CALGARY, Alberta – October 30, 2001 – (TSE: TRP) (NYSE: TRP)

Third Quarter 2001 Highlights

(All financial figures are in Canadian dollars unless noted otherwise)

- TransCanada PipeLines Limited's net income applicable to common shares from continuing operations (net earnings), before unusual items, increased eight per cent to $163 million or $0.34 per share for the third quarter 2001, compared to third quarter 2000 net earnings of $151 million or $0.32 per share. Third quarter 2000 results from continuing operations of $158 million include a $7 million after-tax gain on the sale of a 49 per cent interest in Tuscarora Gas Transmission Company to TC PipeLines, LP.

- Year-to-date 2001 net earnings, before unusual items, were $503 million or $1.06 per share compared to $416 million or $0.88 per share for the comparable period in 2000. The $87 million or $0.18 per share increase compared to the same period last year is primarily due to strong results from the Power business, as well as reduced financial and preferred equity charges due to lower net debt balances and preferred share redemptions. These are partially offset by lower earnings from the Transmission business.

- Funds generated from continuing operations for the three months ended September 30, 2001 increased by $310 million to $449 million compared to the same period in 2000. For the nine months ended September 30, 2001, funds generated from continuing operations increased by $410 million to $1,263 million compared to the same period last year. Funds generated from continuing operations for the three and nine months ended September 30, 2000 are net of a power purchase agreement payment of $212 million.

- Deliveries of natural gas on the Alberta System for the first nine months of 2001 averaged 11.1 billion cubic feet per day (Bcf/d), compared to 12.2 Bcf/d for the same period last year. Canadian Mainline deliveries of natural gas averaged 6.8 Bcf/d, compared to 7.3 Bcf/d for the first nine months of 2000. The BC System delivered an average of 1.1 Bcf/d of natural gas, an equal amount compared to the same period last year.

- TransCanada's Board of Directors today declared a quarterly dividend of $0.225 per share for the quarter ended December 31, 2001 on the outstanding common shares. This is the 152nd consecutive quarterly dividend paid by TransCanada on its common shares, and is payable on January 31, 2002 to shareholders of record at the close of business on December 31, 2001. The Board also declared regular dividends on TransCanada's preferred shares.

- Earlier this month, TransCanada announced it had reached agreements that will complete the company's exit from the natural gas marketing and trading business by the end of the year. In May, TransCanada announced plans to divest its gas marketing business to focus on its core businesses of natural gas transmission and power. The gas marketing business was moved into discontinued operations in the second quarter 2001.

"TransCanada's third quarter results are on track with our expectations and demonstrate we continue to drive solid returns from our core businesses," said Hal Kvisle, TransCanada's chief executive officer.

"We are intensely focused on executing our key strategies in order to maximize shareholder value," continued Mr. Kvisle. "This focus has resulted in a strong balance sheet, which gives us considerable flexibility to consider large scale opportunities consistent with our plan of deliberate and prudent growth."

Mr. Kvisle added that TransCanada has a half-century of experience in the natural gas transmission business and the company's track record speaks for itself. "We successfully operate one of the largest, most modern pipeline systems in the world, serving some of the fastest growing markets in North America," he said. "Our gas experience has helped us become a successful generator and marketer of power throughout Canada and the northern tier of the United States. We currently own, control or are developing a total of approximately 1,900 megawatts of power. And over the course of the next five years we anticipate we will grow our power business significantly, both in assets and earnings.

"Gas transmission and power generation are complementary businesses for TransCanada," continued Mr. Kvisle. "Both are driven by similar factors including market knowledge, operating expertise, capital intensity and financial structuring. Together, natural gas transmission and power generation position us well for future growth."

Mr. Kvisle said much of the projected increase in North American natural gas demand comes from the markets TransCanada serves today. "We are focused on meeting and capitalizing on that demand by growing and optimizing our natural gas pipeline network."

Mr. Kvisle noted, however, that some recent acquisitions in Canada by U.S.-based energy companies have highlighted a trend in the industry toward North American "continentalization." "One of our key strategies continues to be actively working to establish a new Canadian regulatory framework that provides competitive economic returns and enables TransCanada to compete in the North American context."

"Of course," concluded Mr. Kvisle, "Our sights also remain set on two of the largest future opportunities for natural gas transmission growth – Alaska and Mackenzie Delta gas. TransCanada is well experienced in constructing and operating large diameter pipelines in extreme climates and terrain. For example, in just five years -- from 1994 to 1999-- we added approximately 4,000 kilometres of pipe to our North American system; about the length of the two Northern projects combined. With an operationally excellent approach to running our business, TransCanada is well positioned to deliver new supplies of natural gas to the North American marketplace, while helping to generate and market the power that will fuel homes, businesses and industries in Canada and the United States."

TransCanada will hold a teleconference call October 30, 2001 at 1:00 p.m. (Mountain) / 3:00 p.m. (Eastern) to discuss the third quarter 2001 financial results, general developments and issues concerning the company. Analysts, members of the media and other interested parties wanting to participate in the call should dial 1-800-273-9672 or 416-695-5806 (Toronto area) at least 10 minutes prior to the start of the call. No pass code is required. A replay of the teleconference will be available two hours after the conclusion of the call until midnight, November 6, 2001, by dialing 1-800-408-3053 or 416-695-5800 (Toronto area) and entering passcode 920907. The conference will begin with a brief address by members of TransCanada's executive management, followed by a question and answer period for investment analysts. A question and answer period for members of the media will immediately follow. A live audio web cast of the teleconference will also be available on TransCanada's web site (www.transcanada.com). The web cast will be archived and available for replay.

TransCanada is a leading North American energy company. It is focused on natural gas transmission and power services with employees who are expert in these businesses. The company's network of approximately 38,000 kilometres of pipeline transports the majority of western Canada's natural gas production to the fastest growing markets in Canada and the United States. TransCanada owns, controls or is developing a total of approximately 1,900 megawatts of power -- an amount of power that can meet the needs of nearly two million average households. The company's common shares trade under the symbol TRP on the Toronto and New York stock exchanges. Visit us on the internet at www.transcanada.com for more information.

Third Quarter 2001 Financial Highlights
(unaudited)

Operating Results (millions of dollars)	Three months ended September 30 **2001**	 2000	Nine months ended September 30 **2001**	 2000
Revenues	**1,303**	1,120	**4,050**	3,327
Net Income Applicable to Common Shares				
Continuing operations before unusual items	**163**	151	**503**	416
Net Income applicable to common shares	**163**	239	**416**	549
Cash Flow				
Funds generated from continuing operations	**449**	139	**1,263**	853
Capital expenditures from continuing operations			**(269)**	(313)

Common Share Statistics	Three months ended September 30 **2001**	 2000	Nine months ended September 30 **2001**	 2000
Net Income Per Share - Basic and Diluted				
Continuing operations before unusual items	**$0.34**	$0.32	**$1.06**	$0.88
Net income applicable to common shares	**$0.34**	$0.50	**$0.87**	$1.16
Dividend Per Share	**$0.225**	$0.20	**$0.675**	$0.60
Funds Generated Per Share from Continuing Operations	**$0.94**	$0.29	**$2.66**	$1.80
Common Shares Outstanding (millions)				
Average for the period	**475.8**	474.6	**475.5**	474.5
End of period	**476.3**	474.6	**476.3**	474.6

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THIRD QUARTER 2001

Quarterly Report to Shareholders

Consolidated Results-at-a-Glance

(unaudited) (millions of dollars except per share amounts)	Three months ended September 30 **2001**	 2000	Nine months ended September 30 **2001**	 2000
Net Income/(Loss) Applicable to Common Shares				
Continuing operations before the undernoted	**163**	151	**503**	416
Asset sales from continuing operations	**-**	7	**-**	30
Tax law and income tax rate changes	**-**	-	**-**	13
Continuing operations	**163**	158	**503**	459
Discontinued operations	**-**	81	**(87)**	90
	163	239	**416**	549
Net Income/(Loss) Per Share - Basic and Diluted				
Continuing operations before the undernoted	**$0.34**	$0.32	**$1.06**	$0.88
Asset sales from continuing operations	**-**	0.01	**-**	0.06
Tax law and income tax rate changes	**-**	-	**-**	0.03
Continuing operations	**$0.34**	$0.33	**$1.06**	$0.97
Discontinued operations	**-**	0.17	**(0.19)**	0.19
	$0.34	$0.50	**$0.87**	$1.16

Management's Discussion and Analysis of Results of Operations and Financial Condition

The following discussion and analysis should be read in conjunction with the accompanying unaudited consolidated financial statements of TransCanada PipeLines Limited (TransCanada or the company) and the notes thereto.

Results of Operations

Consolidated

TransCanada PipeLines Limited's net income applicable to common shares from continuing operations (net earnings), before unusual items, for the nine months ended September 30, 2001 was $503 million or $1.06 per share compared to $416 million or $0.88 per share for the comparable period in 2000. The increase of $87 million or $0.18 per share in the first nine

months of 2001 compared to the same period in 2000 is primarily due to strong results from the Power business, as well as reduced financial and preferred equity charges due to lower net debt balances and preferred share redemptions. These are partially offset by lower earnings from the Transmission business. Higher revenues and costs and expenses in the Power segment reflect higher power prices and increased commercial activity in 2001 when compared to 2000.

The year-to-date 2000 net earnings include gains on the sale of assets amounting to $30 million, after tax, or $0.06 per share and a tax recovery of $13 million or $0.03 per share, representing the impact of tax law and income tax rate changes in the February 2000 Federal budget.

Net income applicable to common shares for the nine months ended September 30, 2001 was $416 million or $0.87 per share after reflecting a loss from discontinued operations related to Gas Marketing of $87 million or $0.19 per share.

Net earnings for the third quarter 2001 were $163 million or $0.34 per share compared to third quarter 2000 net earnings of $158 million or $0.33 per share. Third quarter 2000 results include a $7 million after-tax gain on the sale of a 49 per cent interest in Tuscarora Gas Transmission Company to TC Pipelines, LP. Excluding the effect of this sale, net earnings increased $12 million or $0.02 per share in the third quarter 2001 compared to third quarter 2000 mainly reflecting solid performance from the Power business partially offset by lower earnings from the Transmission business.

TransCanada's year-to-date results in 2001 reflect the plan approved by the Board of Directors to dispose of the Gas Marketing business which is included in discontinued operations. All prior period comparative results have been restated to reflect Gas Marketing as discontinued operations.

Segment Results-at-a-Glance

(unaudited) (millions of dollars)	Three months ended September 30 **2001**	 2000	Nine months ended September 30 **2001**	 2000
Transmission	**145**	159	**432**	469
Power	**37**	21	**121**	66
Corporate	**(19)**	(22)	**(50)**	(76)
Continuing operations	**163**	158	**503**	459
Discontinued operations	**-**	81	**(87)**	90
Net Income Applicable to Common Shares	**163**	239	**416**	549

Transmission

The Transmission business generated net earnings of $145 million and $432 million for the three and nine months ended September 30, 2001, respectively.

Transmission Results-at-a-Glance

(unaudited)	Three months ended September 30		Nine months ended September 30	
(millions of dollars)	**2001**	2000	**2001**	2000
Wholly-Owned Pipelines				
Alberta System	**52**	52	**145**	162
Canadian Mainline	**68**	71	**204**	211
BC System	**1**	1	**4**	5
	121	124	**353**	378
North American Pipeline Ventures				
Great Lakes	**13**	12	**41**	40
TC PipeLines, LP	**3**	3	**11**	8
Iroquois	**5**	3	**12**	10
Portland	**(1)**	(2)	**(1)**	(2)
Tuscarora				
-earnings	**-**	-	**-**	2
-gain on sale	**-**	7	**-**	7
Foothills	**4**	5	**15**	15
Trans Québec & Maritimes	**2**	2	**6**	6
Other	**(2)**	5	**(5)**	5
	24	35	**79**	91
Net earnings	**145**	159	**432**	469

Wholly-Owned Pipelines

Net earnings from the Alberta System in the third quarter of 2001 were consistent with the same quarter in 2000 at $52 million. Net earnings for the nine months ended September 30, 2001 decreased by $17 million from the same period in 2000. The year-to-date decrease in net earnings was primarily due to the expiry at the end of 2000 of the Cost-efficiency Incentive Settlement (CEIS), which included a fixed rate of return on common equity on a significant portion of the investment base. Net earnings in 2001 reflect the 2001 and 2002 Alberta System Rate Settlement which is based on a fixed revenue requirement with a lower notional rate of return than the CEIS.

The Canadian Mainline's net earnings have decreased $3 million and $7 million respectively for the three and nine months ended September 30, 2001 when compared to the corresponding periods in 2000. The decrease in net earnings was mainly due to a decline in the rate of return on common equity from 9.90 per cent to 9.61 per cent in 2001 and a lower investment base. The lower return was partially offset by the impact of higher incentive earnings related to foreign exchange and interest rate management. TransCanada is currently awaiting a National Energy Board (NEB) decision on its 2001 and 2002 Tolls and Tariff application. An NEB hearing is scheduled in February 2002 to consider TransCanada's application for a higher rate of return effective January 1, 2001.

Operating Statistics

Nine months ended September 30 (unaudited)	Alberta System		Canadian Mainline		BC System	
	2001	2000	**2001**	2000	**2001**	2000
Average investment base ($ millions)	**5,195**	5,282	**9,202**	9,457	**205**	212
Delivery volumes (Bcf)						
Total	**3,037**	3,345	**1,857**	2,002	**287**	296
Average per day	**11.1**	12.2	**6.8**	7.3	**1.1**	1.1

North American Pipeline Ventures

TransCanada's proportionate share of net earnings from its other gas transmission businesses was $24 million and $35 million for the three months ended September 30, 2001 and 2000 respectively. Third quarter 2000 net earnings include a $7 million after-tax gain on the sale of a 49 per cent interest in Tuscarora Gas Transmission Company to TC Pipelines, LP. Excluding this gain on asset sale in 2000, net earnings for the nine months ended September 30, 2001 decreased $5 million when compared to the same period last year. The decreased net earnings in both the three and nine months ended September 30, 2001 compared to the same periods in the prior year are primarily due to increased project costs related to TransCanada's northern development activities in 2001 which are included in Other.

Power

Power Results-at-a-Glance

(unaudited) (millions of dollars)	Three months ended September 30		Nine months ended September 30	
	2001	2000	**2001**	2000
Power LP investment	**9**	7	**29**	23
Northeastern U.S. operations	**36**	19	**104**	39
Western operations	**31**	19	**113**	34
General, administrative and support costs	**(10)**	(4)	**(31)**	(14)
Operating and other income	**66**	41	**215**	82
Financial charges	**(5)**	(4)	**(15)**	(11)
Income taxes	**(24)**	(16)	**(79)**	(28)
	37	21	**121**	43
After-tax gain on sale of Hermiston Power Partnership	**-**	-	**-**	23
Net earnings	**37**	21	**121**	66

The Power business contributed net earnings of $37 million for the quarter ended September 30, 2001, an increase of $16 million over the third quarter of 2000. Net earnings for the nine months ended September 30, 2001, excluding the $23 million after-tax gain on sale of TransCanada's interest in the Hermiston Power Partnership in the first quarter of 2000, are $78 million higher when compared to the same period in 2000.

Operating and other income in the three and nine months ended September 30, 2001 from TransCanada's investment in TransCanada Power, L.P. (Power LP) increased as a result of the transfer of the Calstock power plant to Power LP in October 2000, increasing TransCanada's ownership from 32.7 per cent to 41.6 per cent. The increase in operating and other income from the Northeastern U.S. operations is primarily attributable to increased marketing income as well as an increased ownership to 100 per cent in Ocean State Power in October 2000.

Operating and other income from Western operations for both the third quarter 2001 and nine months ended September 30, 2001 increased significantly when compared to the same periods in 2000. This is mainly attributable to income from the Sundance A Plant power purchase agreement acquired effective January 1, 2001 and TransCanada's ability to capture opportunities in the first half of 2001 created by high short-term electricity prices in the western and northwestern United States.

Corporate

Net expenses of $19 million for the third quarter 2001 in the Corporate segment were $3 million lower than expenses in the third quarter 2000. Net expenses were $50 million for the nine months ended September 30, 2001 compared to $76 million for the same period in 2000. The 2000 results include a tax recovery of $13 million representing the impact of tax law and income tax rate changes in the February 2000 Federal budget. Excluding the impact of this tax recovery, net expenses for the nine months ended September 30, 2001 have improved by $39 million compared to the same period in 2000. This improvement is primarily due to lower financial and preferred equity charges as a result of using proceeds received from TransCanada's divestiture programs to reduce net debt balances and to redeem preferred shares.

Discontinued Operations

The Board of Directors approved a plan in 2001 to dispose of the company's Gas Marketing business. TransCanada has announced that it has reached agreements to sell assets that will substantially complete the company's exit from this business. The various sales of the assets in the Gas Marketing business are expected to close in the fourth quarter 2001 pending necessary regulatory, producer and customer approvals. The company recorded a net loss from discontinued operations of $87 million, after-tax, in the second quarter 2001. In the third quarter 2001, TransCanada reviewed the estimates used in calculating the provision for loss on discontinued operations related to Gas Marketing and concluded the remaining provision at September 30, 2001 was adequate.

In December 1999, the Board of Directors approved a plan (December Plan) to dispose of the company's International, Canadian Midstream and certain other businesses. The December Plan is substantially complete.

Liquidity and Capital Resources

Funds Generated from Operations

Funds generated from continuing operations for the three and nine months ended September 30, 2001 increased by $310 million and $410 million respectively, compared to the corresponding periods in 2000. Funds generated from continuing operations for the three and nine months ended September 30, 2000 are net of a power purchase agreement payment of $212 million.

TransCanada's ability to generate adequate amounts of cash and cash equivalents in the short term and the long term when needed, and to maintain capacity to provide for planned growth remains unchanged since December 31, 2000.

Investing Activities

In the third quarter 2001, TransCanada acquired the Curtis Palmer Hydroelectric Company, L.P. from International Paper Company for $438 million. Capital expenditures, excluding acquisitions, totalled $318 million in the nine months ended September 30, 2001 and relate primarily to maintenance capital in the Transmission business and construction of new power plants in Alberta. TransCanada realized proceeds of $954 million in the first nine months of 2001 from the sale of non-core assets under the company's divestiture plans.

Financing Activities

TransCanada used a portion of its cash resources to fund debt maturities of $629 million and reduce notes payable by $150 million in the nine months ended September 30, 2001.

Dividends

On October 30, 2001, TransCanada's Board of Directors declared a quarterly dividend of $0.225 per share for the quarter ended December 31, 2001 on the outstanding common shares. This is the 152nd consecutive quarterly dividend paid by TransCanada on its common shares, and is payable on January 31, 2002 to shareholders of record at the close of business on December 31, 2001. The Board also declared regular dividends on TransCanada's preferred shares.

Discontinued Operations

Net cash used in discontinued operating activities was $663 million for the nine months ended September 30, 2001 compared with net cash provided by discontinued operating activities of $482 million for the same period in 2000. The net cash used in the nine months ended September 30, 2001 was primarily in the Gas Marketing business related to the return in 2001 of margin cash received in 2000, the settlement in 2001 of natural gas trading losses, and other working capital adjustments.

Risk Management

TransCanada's market and credit risks remain substantially unchanged since December 31, 2000. For further information on risks, refer to Management's Discussion and Analysis in TransCanada's 2000 Annual Report.

TransCanada manages market and credit risk exposures in accordance with corporate risk policies and position limits. The policies and limits are designed to mitigate the risk of significant loss. The company's primary market risks result from volatility in commodity prices and interest and foreign currency exchange rates. TransCanada manages the impact of market and credit risk exposure on earnings as well as the impact on the values of assets and liabilities.

Outlook

With TransCanada's divestiture of the Gas Marketing business, the company is now focused on its core businesses of natural gas transmission and power in Canada and the northern tier of the United States.

The outlook, including economic and business trends, for the company's segments remains substantially unchanged since December 31, 2000. For further information on outlook, refer to Management's Discussion and Analysis in TransCanada's 2000 Annual Report.

Other Recent Developments

Transmission

Canadian Mainline

In May 2001, TransCanada filed a 2001 and 2002 Tolls and Tariff Application (the Application) with the NEB. The Application was based on the terms of a two-year Mainline Service and Pricing Settlement which addressed all toll and tariff matters for 2001 and 2002, other than the matter of capital structure and return on capital. On September 18, 2001, the NEB commenced an oral proceeding to consider the Application. This hearing, which lasted 10 days, ended on October 2, 2001. The Reasons for Decision which will address the issues raised in the proceedings are anticipated to be issued by the NEB before the end of the year.

In June 2001, TransCanada filed its Fair Return Application with the NEB. This application requests the NEB to determine the cost of capital to be included in the calculation of 2001 and 2002 tolls on the Canadian Mainline. The company is seeking approval of an after-tax weighted average cost of capital (ATWACC) of 7.5 per cent effective January 1, 2001. This compares to the ATWACC of 5.84 per cent based on the 2001 return on equity under the NEB formula. The NEB has advised TransCanada that it will commence a hearing on this application on February 18, 2002.

North American Pipeline Ventures

In September 2001, TransCanada and National Fuel Gas Company (National Fuel) announced that after examining results from initial technical, environmental and market assessments in Canada and the United States, the two companies have decided to pursue commercial development of a new natural gas pipeline project to provide transportation service from Dawn, Ontario to the Ellisburg-Leidy area in Pennsylvania subject to further market evaluation. The project, called Northwinds Pipeline, will have an initial capacity of approximately 500 million cubic feet of natural gas per day and the preliminary cost is estimated to be between US$350 million and US$400 million. TransCanada and National Fuel anticipate issuing a public offering or open season for transportation on the pipeline in the fourth quarter 2001. Contingent upon the results of this offering, the companies would file applications to the Federal Energy Regulatory Commission later this year and with the NEB in the spring of 2002 to seek approval to build this pipeline. The targeted in-service date for this pipeline is late 2004. The project is designed to bring new Canadian natural gas supplies to growing markets in the northeast United States.

Power

In September 2001, TransCanada announced the completion of construction of its new 80 megawatt natural gas-fired cogeneration power plant near Carseland, Alberta to come on stream in the fourth quarter 2001. TransCanada's natural gas-fired cogeneration plant under construction near Redwater, Alberta is also expected to be completed and in service in the fourth quarter 2001 with the capital costs on budget.

In October 2001, TransCanada Power Services Ltd., the general partner of TransCanada Power, L.P., completed a new equity offering of 5,660,000 Partnership units to a syndicate of underwriters. The offering raised approximately $175 million and reduced TransCanada's ownership interest in TransCanada Power, L.P. from 41.6 per cent to 35.6 per cent.

Corporate

In September 2001, TransCanada announced its intention to exercise its right to redeem all of its outstanding US$200 million 8.50% Junior Subordinated Debentures (the 8.50% Debentures), also known as Canadian Originated Preferred Securities. The redemption date will be November 7, 2001. Holders of the 8.50% Debentures will be entitled to US$25.2125 per US$25.00 of the principal amount, which includes accrued and unpaid interest to the redemption date.

Forward-Looking Information

Certain information in this quarterly report is forward-looking information and relates to, among other things, targeted cost savings, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "target" or similar words suggesting future outcomes. By their nature, such statements are subject to various risks and uncertainties, which could cause TransCanada's actual results and experience to differ materially from the anticipated results. Such risks and uncertainties include, but are not limited to: availability and price of energy commodities; regulatory decisions; the ability of TransCanada to successfully implement the initiatives referred to in this quarterly report; management's ability to execute the disposition of its remaining discontinued operations; competitive factors and pricing pressures; and overcapacity in the pipeline industry. For further information on additional risks and uncertainties, you are advised to consult TransCanada's Annual Information Form under the heading "Forward-Looking Information".

Consolidated Income

(unaudited) (millions of dollars except per share amounts)	Three months ended September 30 **2001**	 2000	Nine months ended September 30 **2001**	 2000
Revenues	**1,303**	1,120	**4,050**	3,327
Operating Expenses				
Costs and expenses	**563**	423	**1,838**	1,296
Depreciation	**204**	184	**608**	553
	767	607	**2,446**	1,849
Operating Income	**536**	513	**1,604**	1,478
Other Expenses/(Income)				
Financial charges	**226**	236	**670**	713
Financial charges of joint ventures	**26**	30	**78**	86
Allowance for funds used during construction	**-**	(2)	**(3)**	(6)
Interest and other income	**(12)**	(11)	**(60)**	(63)
Gain on sale of assets	**-**	(11)	**-**	(37)
	240	242	**685**	693
Income from Continuing Operations before Income Taxes	**296**	271	**919**	785
Income Taxes - Current and Future	**116**	92	**364**	264
Net Income from Continuing Operations	**180**	179	**555**	521
Net Income/(Loss) from Discontinued Operations	**-**	81	**(87)**	90
Net Income	**180**	260	**468**	611
Preferred Securities Charges	**11**	11	**35**	33
Preferred Share Dividends	**6**	10	**17**	29
Net Income Applicable to Common Shares	**163**	239	**416**	549
Net Income/(Loss) Applicable to Common Shares				
Continuing operations	**163**	158	**503**	459
Discontinued operations	**-**	81	**(87)**	90
	163	239	**416**	549
Net Income/(Loss) Per Share - Basic and Diluted				
Continuing operations	**$0.34**	$0.33	**$1.06**	$0.97
Discontinued operations	**-**	0.17	**(0.19)**	0.19
	$0.34	$0.50	**$0.87**	$1.16
Average Shares Outstanding (millions)	**475.8**	474.6	**475.5**	474.5

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Cash Flows

(unaudited) (millions of dollars)	Three months ended September 30 **2001**	2000	Nine months ended September 30 **2001**	2000
Cash Generated From Operations				
Net income from continuing operations	**180**	179	**555**	521
Depreciation	**204**	184	**608**	553
Change in net unrealized position on energy trading contracts	**(7)**	(8)	**21**	(8)
Gain on sale of assets	**-**	(11)	**-**	(37)
Future income taxes	**77**	(1)	**111**	28
Power purchase agreement payment	**-**	(212)	**-**	(212)
Other	**(5)**	8	**(32)**	8
Funds generated from continuing operations	**449**	139	**1,263**	853
Decrease/(Increase) in operating working capital	**150**	(109)	**71**	(121)
Net cash provided by continuing operating activities	**599**	30	**1,334**	732
Net cash (used in)/provided by discontinued operating activities	**(60)**	411	**(663)**	482
	539	441	**671**	1,214
Investing Activities				
Capital expenditures	**(95)**	(253)	**(318)**	(536)
Acquisitions, net of cash acquired	**(438)**	-	**(475)**	(68)
Disposition of assets	**(3)**	1,083	**954**	1,242
Deferred amounts and other	**45**	(14)	**37**	(9)
Net cash (used in)/provided by investing activities	**(491)**	816	**198**	629
Financing Activities				
Dividends and preferred securities charges	**(131)**	(119)	**(379)**	(405)
Notes payable (repaid)/issued, net	**(95)**	(559)	**(150)**	126
Reduction of long-term debt	**(282)**	(737)	**(629)**	(1,725)
Non-recourse debt of joint ventures issued	**7**	92	**18**	383
Reduction of non-recourse debt of joint ventures	**(14)**	(14)	**(47)**	(247)
Preferred shares redeemed	**-**	-	**-**	(28)
Common shares issued	**9**	-	**19**	-
Net cash used in financing activities	**(506)**	(1,337)	**(1,168)**	(1,896)
Decrease in Cash and Short-Term Investments	**(458)**	(80)	**(299)**	(53)
Cash and Short-Term Investments				
Beginning of period	**668**	438	**509**	411
Cash and Short-Term Investments				
End of period	**210**	358	**210**	358

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Balance Sheet

(millions of dollars)	**September 30, 2001** (unaudited)	December 31, 2000
ASSETS		
Current Assets		
Cash and short-term investments	**210**	509
Accounts receivable	**532**	563
Inventories	**197**	208
Other	**32**	28
Unrealized gains on energy trading contracts	**190**	582
Current assets of discontinued operations	**2,426**	3,493
	3,587	5,383
Unrealized Gains on Energy Trading Contracts	**253**	379
Long-Term Investments	**203**	171
Plant, Property and Equipment	**17,879**	17,663
Other Assets	**53**	68
Future Income Taxes	**-**	192
Long-Term Assets of Discontinued Operations	**738**	1,692
	22,713	25,548
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Notes payable	**7**	200
Accounts payable	**563**	587
Accrued interest	**276**	264
Current portion of long-term debt	**282**	612
Current portion of non-recourse debt of joint ventures	**39**	29
Provision for loss on discontinued operations	**480**	128
Unrealized losses on energy trading contracts	**119**	542
Current liabilities of discontinued operations	**2,172**	3,889
	3,938	6,251
Unrealized Losses on Energy Trading Contracts	**100**	170
Deferred Amounts	**378**	326
Long-Term Debt	**9,700**	9,928
Future Income Taxes	**40**	-
Non-Recourse Debt of Joint Ventures	**1,375**	1,296
Junior Subordinated Debentures	**245**	243
Long-Term Liabilities of Discontinued Operations	**234**	744
Non-Controlling Interests	**2**	2
	16,012	18,960
Shareholders' Equity		
Preferred securities	**982**	969
Preferred shares	**389**	389
Common shares	**4,559**	4,540
Contributed surplus	**263**	263
Retained earnings	**510**	414
Foreign exchange adjustment	**(2)**	13
	6,701	6,588
	22,713	25,548

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Retained Earnings

(unaudited) (millions of dollars)	Nine months ended September 30 **2001**	 2000
Balance at beginning of period	**414**	119
Net income	**468**	611
Preferred securities charges	**(35)**	(33)
Preferred share dividends	**(17)**	(29)
Common share dividends	**(320)**	(285)
Accounting changes	**-**	(37)
	510	346

See accompanying Notes to the Consolidated Financial Statements.

Notes to Consolidated Financial Statements
(Unaudited)

1. Significant Accounting Policies

The consolidated financial statements of TransCanada PipeLines Limited (TransCanada or the company) have been prepared in accordance with Canadian generally accepted accounting principles. The accounting policies applied are consistent with those outlined in the company's annual financial statements for the year ended December 31, 2000 except as stated below. These consolidated financial statements for the nine months ended September 30, 2001 do not include all disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements included in TransCanada's 2000 Annual Report. Amounts are stated in Canadian dollars unless otherwise indicated. Certain comparative figures have been reclassified to conform with the current period's presentation.

Since a determination of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of these consolidated financial statements requires the use of estimates and assumptions which have been made using careful judgement. In the opinion of Management, these consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the company's significant accounting policies.

2. Accounting Changes

Earnings per share

Effective January 1, 2001, TransCanada adopted the new standard of the Canadian Institute of Chartered Accountants with respect to earnings per share. This new standard requires a new basis for calculating diluted earnings per share using the treasury stock method instead of the imputed earnings approach to determine the dilutive effects of warrants, options and equivalents. This accounting change was applied retroactively but did not impact previously reported earnings per share.

3. Segmented Information

Three months ended September 30 (unaudited - millions of dollars)	Transmission 2001	Transmission 2000	Power 2001	Power 2000	Corporate 2001	Corporate 2000	Total 2001	Total 2000
Revenues	**974**	961	**329**	159	**-**	-	**1,303**	1,120
Costs and expenses	**(311)**	(303)	**(250)**	(112)	**(2)**	(8)	**(563)**	(423)
Depreciation	**(188)**	(175)	**(16)**	(8)	**-**	(1)	**(204)**	(184)
Operating income/(loss)	**475**	483	**63**	39	**(2)**	(9)	**536**	513
Financial and preferred equity charges	**(214)**	(220)	**(4)**	-	**(25)**	(37)	**(243)**	(257)
Financial charges of joint ventures	**(25)**	(26)	**(1)**	(4)	**-**	-	**(26)**	(30)
Other income	**5**	17	**3**	2	**4**	5	**12**	24
Income taxes	**(96)**	(95)	**(24)**	(16)	**4**	19	**(116)**	(92)
Continuing operations	**145**	159	**37**	21	**(19)**	(22)	**163**	158
Discontinued operations							**-**	81
Net Income Applicable to Common Shares							**163**	239

Nine months ended September 30 (unaudited - millions of dollars)	Transmission 2001	Transmission 2000	Power 2001	Power 2000	Corporate 2001	Corporate 2000	Total 2001	Total 2000
Revenues	**2,890**	2,926	**1,160**	401	**-**	-	**4,050**	3,327
Costs and expenses	**(913)**	(966)	**(910)**	(307)	**(15)**	(23)	**(1,838)**	(1,296)
Depreciation	**(562)**	(526)	**(44)**	(23)	**(2)**	(4)	**(608)**	(553)
Operating income/(loss)	**1,415**	1,434	**206**	71	**(17)**	(27)	**1,604**	1,478
Financial and preferred equity charges	**(644)**	(656)	**(11)**	-	**(67)**	(119)	**(722)**	(775)
Financial charges of joint ventures	**(74)**	(75)	**(4)**	(11)	**-**	-	**(78)**	(86)
Other income	**25**	47	**9**	36	**29**	23	**63**	106
Income taxes	**(290)**	(281)	**(79)**	(30)	**5**	47	**(364)**	(264)
Continuing operations	**432**	469	**121**	66	**(50)**	(76)	**503**	459
Discontinued operations							**(87)**	90
Net Income Applicable to Common Shares							**416**	549

Total Assets (millions of dollars)	**September 30, 2001** (unaudited)	December 31, 2000
Transmission	**17,248**	17,391
Power	**1,916**	1,889
Corporate	**385**	1,083
Continuing Operations	**19,549**	20,363
Discontinued Operations	**3,164**	5,185
	22,713	25,548

4. Discontinued Operations

In July 2001, the Board of Directors approved a plan to dispose of the company's Gas Marketing business. TransCanada has announced that it has reached agreements to sell assets that will substantially complete the company's exit from this business by the end of 2001. The Gas Marketing business provides supply, transportation and asset management services, as well as structured financial products and services, to its customers in Canada and the northern tier of the United States.

The company recorded a net loss of $87 million, after-tax, in the nine months ended September 30, 2001, related to Gas Marketing. This loss is based on management's estimates of proceeds and disposal costs. Adjustments to the estimate of the net loss on disposal will be recognized as a gain or loss on discontinued operations in the period such changes are determined.

In December 1999, the Board of Directors approved a plan (December Plan) to dispose of the company's International, Canadian Midstream and certain other businesses. The December Plan is substantially complete. Capital expenditures attributable to discontinued operations under the December Plan for the nine months ended September 30, 2001 were $49 million (2000 - $223 million).

The provision for loss on discontinued operations at September 30, 2001 was $480 million (December 31, 2000 - $128 million). This was comprised of $90 million relating to Gas Marketing and $390 million relating to the December Plan, representing the remaining discontinued businesses.

Revenues and Net Income/(Loss) from Discontinued Operations

(unaudited) (millions of dollars)	Three months ended September 30 **2001**	2000	Nine months ended September 30 **2001**	2000
Revenues from Discontinued Operations				
December Plan	**17**	631	**49**	2,766
Gas Marketing	**2,325**	2,741	**12,182**	7,282
	2,342	3,372	**12,231**	10,048
Net Income/(Loss) from Discontinued Operations				
Gas Marketing	**-**	(211)	**5**	(196)
Income taxes	**-**	92	**(2)**	86
Results of operations prior to plan approval	**-**	(119)	**3**	(110)
Net Gain/(Loss) from Discontinued Operations				
December Plan (1)	**-**	295	**-**	295
Income taxes	**-**	(95)	**-**	(95)
	-	200	**-**	200
Gas Marketing (1)	**-**	-	**(139)**	-
Income taxes	**-**	-	**49**	-
	-	-	**(90)**	-
	-	81	**(87)**	90

(1) The net loss on disposal for Gas Marketing includes the estimated gains and losses on sale, the results of the discontinued operations between the date of plan approval and the expected dates of disposal, together with direct incremental costs of the disposition, including severance and transaction expenses. The net gain in 2000 for the December Plan represents an adjustment to the loss provision resulting from transactions completed and revisions to estimates.

Other Financial Information on Discontinued Operations

(millions of dollars)	**September 30, 2001** (unaudited)	December 31, 2000
Current Assets		
Accounts receivable	**1,135**	1,598
Unrealized gains on energy trading contracts	**1,198**	1,752
Other current assets	**93**	143
	2,426	3,493
Unrealized Gains on Energy Trading Contracts	**126**	355
Long-Term Investments	**406**	734
Plant, Property and Equipment	**107**	382
Other Non-Current Assets	**99**	221
	3,164	5,185
Current Liabilities		
Accounts payable	**1,035**	2,090
Unrealized losses on energy trading contracts	**1,137**	1,799
	2,172	3,889
Unrealized Losses on Energy Trading Contracts	**207**	438
Long-Term and Non-Recourse Debt	**-**	213
Other Non-Current Liabilities	**27**	93
	2,406	4,633
Net Assets of Discontinued Operations	**758**	552

The company's restated consolidated income statement for the year ended December 31, 2000 after reflecting Gas Marketing as discontinued operations is as follows.

(millions of dollars except per share amounts)	As previously reported	As adjusted
Revenues	21,156	4,421
Operating Expenses		
Cost of sales	17,240	-
Other costs and expenses	1,415	1,670
Depreciation	740	739
	19,395	2,409
Operating Income	1,761	2,012
Other Expenses/(Income)		
Financial charges	959	951
Financial charges of joint ventures	113	113
Allowance for funds used during construction	(8)	(8)
Interest and other income	(114)	(107)
Gain on sale of assets	(37)	(37)
	913	912
Income from Continuing Operations before Income Taxes	848	1,100
Income Taxes - Current and Future	258	371
Net Income from Continuing Operations	590	729
Net Income from Discontinued Operations	200	61
Net Income	790	790
Preferred Securities Charges	44	44
Preferred Share Dividends	35	35
Net Income Applicable to Common Shares	711	711
Net Income Applicable to Common Shares		
Continuing operations	511	650
Discontinued operations	200	61
	711	711
Net Income Per Share - Basic and Diluted		
Continuing operations	$1.08	$1.37
Discontinued operations	0.42	0.13
	$1.50	$1.50
Average Shares Outstanding (millions)	474.6	474.6

The company's restated segment results after reflecting Gas Marketing as discontinued operations are as follows for the four quarters of 2000.

(unaudited) (millions of dollars except per share amounts)	Three months ended Mar. 31	June 30	Sept. 30	Dec. 31	Total
Net Income Applicable to Common Shares					
Transmission	160	150	159	154	623
Power	32	13	21	39	105
Corporate	(20)	(34)	(22)	(2)	(78)
Continuing operations	172	129	158	191	650
Net Income Per Share - Basic and Diluted					
Continuing operations	$0.37	$0.27	$0.33	$0.40	$1.37
Average Shares Outstanding (millions)	474.5	474.5	474.6	474.8	474.6

Supplementary Information

As at September 30, 2001, TransCanada had 476,276,243 issued and outstanding common shares. In addition, there were 15,577,339 outstanding options to purchase common shares, of which 12,256,022 were exercisable as at September 30, 2001.

TransCanada welcomes questions from shareholders and potential investors. Please telephone:

Investor Relations, at 1-800-361-6522 (Canada and U.S. Mainland) or direct dial David Moneta at (403) 920-7917. The investor fax line is (403) 920-2457.

Media Contact: Glenn Herchak/Kurt Kadatz at (403) 920-7859.

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