TRANSCANADA PIPELINES LIMITED

ANNUAL FILING OF REPORTING ISSUER

for the year ended December 31, 2003

February 24, 2004

TransCanada PipeLines Limited

THE COMPANY

TransCanada PipeLines Limited ("TCPL") is a major natural gas transmission and power company headquartered in Calgary, Alberta. TCPL owns and operates regulated pipeline businesses for the transportation of natural gas and power plants in Canada and the United States.

JURISDICTION OF INCORPORATION

TransCanada PipeLines Limited is a Canadian public company which was incorporated on March 21, 1951 by Special Act of Parliament as Trans-Canada Pipe Lines Limited and in April 1972 continued under the *Canada Corporations Act* by Letter Patent and then continued under the *Canada Business Corporations Act* in June 1979. TransCanada Corporation ("TransCanada") was incorporated pursuant to the provisions of the *Canada Business Corporation Act* on February 25, 2003 in connection with a plan of arrangement designed to establish TransCanada as the parent company of TCPL. The arrangement was approved by TCPL common shareholders on April 25, 2003 and following court approval, Articles of Arrangement were filed making the arrangement effective May 15, 2003. The common shareholders of TCPL exchanged each of their TCPL common shares for one common share of TransCanada. The debt securities and preferred shares of TCPL remained obligations and securities of TCPL. TCPL continues to hold the assets it held prior to the arrangement and continues to carry on business as the principal operating subsidiary of the TransCanada group of entities. TransCanada does not hold any assets directly other than the common shares of TCPL. Herein the "Company" refers to both TCPL and TransCanada collectively.

FINANCIAL YEAR END

The financial year end of TCPL is December 31.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at February 24, 2004, TCPL had 483,330,775 common shares issued and outstanding, all of which are owned by TransCanada. Each common share entitles the holder to one vote.

DIRECTORS

Each director of TransCanada also serves as a director of TCPL. The following table and associated notes set forth, in alphabetical order, the names of each director of TCPL at February 24, 2004, their municipalities of residence, their respective principal occupations within the past five years and the number of each class of securities of TCPL or any of its subsidiaries owned by each of them or over which control or direction is exercised by each of them. Each director holds office until the next annual meeting or until his or her successor is earlier elected or appointed.

Name	Principal Occupation During The Five Preceding Years	Director Since
Douglas D. Baldwin, P. Eng. [(1)] Calgary, Alberta	Chairman, Talisman Energy Inc., (oil and gas), since May 2003. President and Chief Executive Officer, TCPL, from August 1999 to April 2001. Director, Calgary Airport Authority, Citadel Group of Funds, Resolute Energy Inc. and UTS Energy Corporation. Member, Board of Governors, University of Calgary.	1999

Name	Principal Occupation During The Five Preceding Years	Director Since
Wendy K. Dobson[2] Uxbridge, Ontario	Professor, Rotman School of Management and Director, Institute for International Business, University of Toronto (education). Director, MDS Inc., The Toronto-Dominion Bank and Vice Chair, Canadian Public Accountability Board.	1992
The Hon. Paule Gauthier, P.C., O.C., O.Q., Q.C. Québec, Québec	Senior Partner, Desjardins Ducharme Stein Monast (law firm). Director, Royal Bank of Canada, The Royal Trust Corporation of Canada, The Royal Trust Company, Rothmans Inc. and Metro Inc. Chair, Security Intelligence Review Committee. President, Fondation de la Maison Michel Sarrazin and President, Institut Québecois des Hautes Études Internationales, Laval University.	2002
Richard F. Haskayne, O.C., F.C.A. Calgary, Alberta	Chairman of the Board, TransCanada and TCPL. Prior to February 19, 2003, Chairman, Fording Inc. (coal and wolastonite). Director, EnCana Corporation and Weyerhaeuser Company.	1998 (NOVA, 1991)
Kerry L. Hawkins Winnipeg, Manitoba	President, Cargill Limited (grain handlers, merchants, transporters, processors of agricultural products and gas marketers). Director, NOVA Chemicals Corporation, Shell Canada Limited and Hudson's Bay Company.	1996
S. Barry Jackson[3] Calgary, Alberta	Chairman, Resolute Energy Inc. (oil and gas) since 2002 and Chairman, Deer Creek Energy Limited (oil and gas) since 2001. President and Chief Executive Officer, Crestar Energy Inc. (oil and gas), from 1993 to 2000. Director, Nexen Inc.	2002
Harold N. Kvisle, P. Eng. [4] Calgary, Alberta	President and Chief Executive Officer, TransCanada and TCPL since May 2001. Executive Vice-President, Trading and Business Development, TCPL, from June 2000 to April 2001. Senior Vice-President, Trading and Business Development, TCPL, from April 2000 to June 2000. Senior Vice-President and President, Energy Operations, TCPL, from September 1999 to April 2000. Prior to September 1999, President, Fletcher Challenge Energy Canada Inc. (oil and gas). Director, Norske Skog Canada Limited, PrimeWest Energy Inc., TransCanada Power, L.P., Chair, Interstate National Gas Association of America and Chair, Mount Royal College.	2001
David P. O'Brien Calgary, Alberta	Chairman, EnCana Corporation (oil and gas), since April 2002. Chairman and Chief Executive Officer, PanCanadian Energy Corporation (oil and gas), from October 2001 to April 2002. Chairman, President and Chief Executive Officer, Canadian Pacific Limited (transportation, energy and hotels), from May 1996 to October 2001. Director, Royal Bank of Canada, Fairmont Hotels & Resorts Inc., Inco Limited, Molson Inc., Profico Energy Management Ltd. and The E & P Limited Partnership.	2001

Name	Principal Occupation During The Five Preceding Years	Director Since
James R. Paul Kingwood, Texas	Chairman, James and Associates (private investment firm). Member of the Advisory Board, AMEC PLC.	1996
Harry G. Schaefer, F.C.A. Calgary, Alberta	President, Schaefer & Associates (business advisory services). Vice-Chairman of the Board, TransCanada and TCPL since 1998. Chairman, Crestar Energy Inc. (oil and gas), from May 1996 to November 2000. Director, Agrium Inc. and Fording Canadian Coal Trust. Chairman, Alberta Chapter, Institute of Corporate Directors and Chair, The Mount Royal College Foundation.	1987
W. Thomas Stephens Greenwood Village, Colorado	Corporate Director. Chief Executive Officer, MacMillan Bloedel Limited (forest products), from October 1997 to October 1999. Director, Xcel Energy Inc., Norske Skog Canada Limited, Qwest Communications International Inc. and The Putnam Funds.	1999
Joseph D. Thompson, (5) P. Eng. Edmonton, Alberta	Chairman, PCL Construction Group Inc. (general construction contractors). Director, NOVA Chemicals Corporation.	1995

Notes

(1) *Mr. Baldwin holds 100 Cumulative Redeemable First Preferred Shares Series U and 500 Cumulative Redeemable First Preferred Shares, Series Y, and 2,000 units of TransCanada Power, L.P.*

(2) *Ms. Dobson holds 1,000 units of TransCanada Power, L.P.*

(3) *Mr. Jackson holds 5,000 units of TransCanada Power, L.P.*

(4) *Mr. Kvisle holds 1,000 units of TransCanada Power, L.P.*

(5) *Mr. Thompson holds 10,200 units of TransCanada Power, L.P.*

COMMITTEES OF THE BOARD OF DIRECTORS

TCPL is required to have an audit committee ("Audit Committee"). The directors who are members of this committee are H.G. Schaefer (Chair), the Hon. P. Gauthier, K.L. Hawkins, S.B. Jackson and J.R. Paul. The other committees of the Board are the Governance Committee, the Health, Safety and Environment Committee and the Human Resources Committee. The Board does not have an Executive Committee.

COMPENSATION AND OTHER INFORMATION

Compensation of Directors

TCPL's directors also serve as directors of TransCanada. An aggregate fee is paid for serving on the board of TCPL and for serving on the board of TransCanada. Since TransCanada does not hold any assets directly other than the common shares of TCPL and does not raise public debt, all directors' costs are assumed by TCPL according to a management services agreement between the two companies.

General

TCPL's directors' compensation practices are designed to reflect the size and complexity of TCPL and to reinforce the emphasis TCPL places on shareholder value by linking a portion of directors' compensation to the value of TransCanada common shares. TCPL requires each director to acquire and hold a minimum number of TransCanada common shares equal in value to five times the director's annual cash retainer fee. Directors have a maximum of five years to reach this level of share ownership. The level of ownership can be achieved by direct purchase of TransCanada common shares, by participation in the TransCanada Dividend Reinvestment Plan or by means of directing cash retainer fees into, or otherwise acquiring units under, the TCPL Share Unit Plan for Non-Employee Directors (1998) (the "DSU Plan"), described elsewhere in this Annual Filing of Reporting Issuer. All directors hold the minimum number of TransCanada common shares.

Board and Committee Remuneration

For the financial year ended December 31, 2003, each director who was not an employee of TCPL, other than the Chair, was paid in quarterly installments in arrears as follows:

Retainer fee	$27,000 per annum
Committee retainer fee	$ 3,000 per annum
Committee Chair retainer fee	$ 4,000 per annum
Board and Committee attendance fee	$ 1,500 per meeting
Committee Chair attendance fee	$ 1,500 per meeting

The Chair, who was paid none of the directors' fees outlined above, was paid a retainer fee of $300,000 per annum in respect of his duties as Chair, $3,000 per chaired board meeting, and was reimbursed for certain office and other expenses. The Vice-Chair was paid a retainer fee of $12,000 per annum in respect of his duties as Vice-Chair, in addition to his other director's fees as outlined above. Additionally, directors other than the Chair and any director who is an employee of TCPL, receive in respect of their service as directors, an annual grant of units under the DSU Plan. See "Deferred Share Unit Plan for Directors". Fees are paid quarterly and are pro-rated from the date of the director's appointment to the Board and the relevant committees.

TCPL pays a travel fee of $1,500 per meeting for which round trip travel time exceeds three hours, and reimburses the directors for out-of-pocket expenses incurred in attending such meetings. Directors who are U.S. residents are paid the same amounts as outlined above in U.S. dollars.

Cash Fees Paid to Directors in 2003(1)

Name	Retainer Fee	Committee Retainer Fee	Committee Chair Retainer Fee	Board Attendance Fee	Committee Attendance Fee	Travel Fee	Total Fees Paid
Douglas Baldwin(2)	$27,000	$6,000	$4,000	$16,500	$16,500	$1,500	$71,500
Wendy Dobson(2)	27,000	6,000	4,000	16,500	12,000	9,000	74,500
Paule Gauthier	27,000	6,000	N/A	18,000	13,500	10,500	75,000
Richard Haskayne(3)	339,000	N/A	N/A	N/A	N/A	1,500	340,500
Kerry Hawkins(2)	27,000	6,000	4,000	18,000	19,500	12,000	86,500
Barry Jackson	27,000	6,000	N/A	19,500	13,500	1,500	67,500
David O'Brien	27,000	6,000	N/A	13,500	4,500	1,500	52,500
James Paul(4)	27,000	6,000	N/A	19,500	12,000	10,500	75,000
Harry Schaefer(2) (5)	39,000	6,000	25,547	19,500	21,000	N/A	89,500
W. Thomas Stephens(4)	27,000	6,000	N/A	19,500	9,000	12,000	73,500
Joseph Thompson	27,000	6,000	N/A	18,000	10,500	12,000	73,500

Notes:

(1) *Fees are aggregate amounts respecting duties performed on both TCPL and TransCanada boards.*

(2) *The Committee Chair Retainer Fee amount includes fees paid in addition to the Committee Retainer Fee in respect of duties performed and meetings held in preparation for committee meetings.*

(3) *The Retainer Fee amount includes the fee of $3,000 in respect of each Board meeting chaired.*

(4) *U.S. directors are paid these dollar amounts in U.S. dollars.*

(5) *The Retainer Fee amount includes the fee of $12,000 in respect of duties performed as Vice-Chair.*

Deferred Share Unit Plan for Directors

The DSU Plan was established in 1998 and was amended and restated in October 2000 and further amended in 2003 to give effect to the plan of arrangement. The DSU Plan allows eligible Board members, on a quarterly basis, to direct their annual directors' retainer fee or, at the discretion of the Governance Committee, other board-related fees, to acquire units representing the right to acquire TransCanada common shares. The DSU Plan also allows for grants of units as additional directors' compensation; these grants are made annually to the directors other than the Chair and the President and Chief Executive Officer. In September 2003, a grant of 3,000 DSU units per eligible director was made.

Initially the value of a DSU unit is equal to the market value of a TransCanada common share at the time the directors are credited with the units. Thus the grant of 3,000 DSU units in September 2003 had an initial cash value of approximately $75,390. The value of a DSU unit, when redeemed, is equivalent to the market value of a TransCanada common share at the time the redemption takes place. In addition, at the time dividends are declared on the common shares each DSU unit accrues an amount equal to such dividends, which amount is then reinvested at such time in additional DSU units at a price equal to the market value of a common share. DSU units do not vest until the director ceases to be a member of the Board.

Compensation of Officers

TCPL's officers also serve as officers of TransCanada. An aggregate remuneration is paid for serving as an officer of TCPL and for serving as an officer of TransCanada. Since TransCanada does not hold any assets directly other than the common shares of TCPL and does not raise public debt, all management costs are assumed by TCPL in accordance to a management services agreement between the two companies.

Summary Compensation Table

The following table provides, as at December 31, a summary of the remuneration earned by the President and Chief Executive Officer and the four other most highly compensated policy-making executive officers who act in such capacities for both TransCanada and TCPL (collectively, the "Named Executive Officers"), for services rendered in all capacities during the financial years ended December 31, 2003, 2002 and 2001. The Human Resources Committees of the Boards of Directors of TransCanada and TCPL have been delegated joint responsible to make determinations with respect to executive compensation. Hereafter references to the Human Resources Committee means those committees collectively. The summary of the remuneration also includes stock options awarded under the TransCanada Stock Option Plan (the "Stock Option Plan") and units awarded under the TransCanada Executive Share Unit Plan (the "Executive Share Unit Plan") on February 23, 2004 which awards are attributable, in part, to 2003 performance. Specific aspects of this compensation are described in the following tables.

Name and Principal Position of the Named Executive Officers	Annual Compensation				Long-Term Compensation Awards		
	Year	Salary ($)	Bonus[1] ($)	Other Annual Compensation[2] ($)	Securities Under Options Granted[3] (#)	Restricted Share Units[4] ($)	All Other Compensation[5] ($)
H.N. Kvisle President and Chief Executive Officer	2003 2002 2001	772,503 726,252 627,091	900,000 1,000,000 959,000	69,108 93,230 32,999	165,000 200,000 250,000[6]	1,961,538 1,095,000 0	53,915 0 0
R.K. Girling Executive Vice-President, Corporate Development and Chief Financial Officer	2003 2002 2001	443,751 420,003 395,001	430,000 480,000 440,000	39,611 26,904 26,812	60,000 80,000 65,000	784,570 438,000 0	21,566 6,575 6,561
A.J. Pourbaix Executive Vice-President, Power	2003 2002 2001	382,506 322,500 290,001	430,000 480,000 440,000	51,638 14,790 13,487	60,000 80,000 65,000	700,552 438,000 0	21,566 6,575 0
R.J. Turner Executive Vice-President, Gas Transmission	2003 2002 2001	447,501 436,254 412,503	300,000 340,000 340,000	64,233 41,420 45,453	40,000 60,000 50,000	577,272 328,500 0	16,175 0 0
D.J. McConaghy Executive Vice-President, Gas Development	2003 2002 2001	337,506 322,500 265,000	400,000 310,000 260,000	43,595 56,043 34,970	60,000 60,000 45,000	616,534 328,500 0	16,175 0 0

Notes:

(1) *Amounts referred to in this table as "Bonus" are paid pursuant to the Company's Incentive Compensation Program. See "Report on Executive Compensation — Short-Term Incentive Compensation".*

(2) *The amounts in this column include the value of salary paid in lieu of vacation and these Named Executives Officers received the following in 2003: Mr. Kvisle – $28,270, Mr. Turner - $42,308; and in 2002: Mr. Kvisle - $53,848 and Mr. McConaghy – $24,231. Also, this column includes amounts paid to the Named Executive Officers by way of flex benefit credits applied to the TransCanada Employee Stock Savings Plan ("Employee Stock Savings Plan"), specifically, in 2003: Mr. Kvisle - $31,772, Mr. Pourbaix - $14,771 and Mr. Turner - $17,388; and in 2002: Mr. Kvisle – $32,135 and Mr. McConaghy – $14,200. In addition, the amounts include payments made to the Named Executive Officers by subsidiaries and affiliates of TransCanada (including directors' fees paid by affiliates and amounts paid for serving on management committees of partnerships in which TransCanada holds an interest), specifically: Mr. Pourbaix - $22,917 (directors' fees paid by an affiliate).*

(3) *This column shows the number of stock options awarded under the Stock Option Plan to each of the Named Executive Officers for each of the financial years. A similar number of performance units were granted in 2002 and 2001 under the TransCanada Performance Unit Plan (the "Performance Unit Plan"). See "Report on Executive Compensation —Performance Unit Plan". For the most recent year, the stock option award was approved in February 2004 and is attributable to the Named Executive Officer's 2003 and expected future contributions; no corresponding performance units were granted. Options awarded for the 2002 and 2001 calendar years are described in the Management Proxy Circular dated February 25, 2003 and February 26, 2002, respectively. The Stock Option Plan is described under "Report on Executive Compensation —Stock Option Plan".*

(4) *The amounts in this column were reported in the column "All Other Compensation" in previous years and reflect the dollar value of units awarded under the Executive Share Unit Plan to each of the Named Executive Officers for each of the financial years. The dollar value is determined by multiplying the number of units awarded by the closing market price of the common shares on the date of the award. In addition, at the time dividends are declared on the common shares each unit accrues an amount equal to such dividends, which amount is then reinvested at such time in additional units at a price equal to the market value of a common share. For the most recent year, the award of units*

was approved in February 2004 at an award price of $26.80. The initial award of units under the Executive Share Unit Plan approved in February 2003 is described in TCPL's Management Proxy Circular dated February 25, 2003. Vesting of any or all of these units is performance based, and as such a discount factor was applied when determining the number of units awarded for each of the financial years. See "Report on Executive Compensation — Executive Share Unit Plan". The aggregate number of units at December 31, 2003 and their values at their respective award dates are as follows:

	Restricted Share Units Held at December 31, 2003 #	Value at Award Date $
H.N. Kvisle	52,210	$1,148,915
R.K. Girling	20,884	459,566
A.J. Pourbaix	20,884	459,566
R.J. Turner	15,663	344,675
D.J. McConaghy	15,663	344,675

(5) *The amounts in the column "Restricted Share Units" were reported in this column in the TCPL Management Proxy Circular dated February 25, 2003. For 2003, the amounts in this column include the value of additional units acquired through the reinvestment of dividend equivalents accrued on outstanding units under the Executive Share Unit Plan. For 2002 and 2001, the amounts in this column also include amounts contributed by TCPL to the Named Executive Officer under the Defined Contribution Pension Plan. See "Pension and Retirement Benefits".*

(6) *Mr. Kvisle was appointed President and Chief Executive Officer of TCPL on May 1, 2001 and received an award of 100,000 stock options upon appointment.*

Long-term Incentive Plans

Performance Unit Plan Accruals For 2003

The following table sets forth information regarding Performance Unit Plan awards made to the Named Executive Officers. Commencing December 31, 2002 no further awards have been made under the Performance Unit Plan. The estimated future payouts set out in the table include all accruals up to and including the accrual approved on February 23, 2004 which accrual is attributable to 2003 performance. See "Report on Executive Compensation —Performance Unit Plan" for information with respect to this plan.

Name	Units(1) (#)	Period until Maturation(2)	Estimated Future Payouts Under Non-Securities Price-Based Plans(3) Threshold ($ or #)	Target ($ or #)	Maximum ($)
H.N. Kvisle	150,000	February 25, 2012	N/A	N/A	305,250
	100,000	March 20, 2011	N/A	N/A	293,500
	42,500	February 27, 2011	N/A	N/A	124,738
	55,000	February 28, 2010	N/A	N/A	209,825
	50,000	February 1, 2010	N/A	N/A	190,750
	90,000	September 1, 2009	N/A	N/A	343,350
R.K. Girling	65,000	February 25, 2012	N/A	N/A	132,275
	45,000	February 27, 2011	N/A	N/A	132,075
	45,000	February 28, 2010	N/A	N/A	171,675
	50,000	February 1, 2010	N/A	N/A	190,750
	20,000	July 29, 2009	N/A	N/A	76,300
	25,000	March 1, 2009	N/A	N/A	95,375
	25,000	December 3, 2008	N/A	N/A	95,375
	25,162	December 9, 2007	N/A	N/A	126,439
A.J. Pourbaix	65,000	February 25, 2012	N/A	N/A	132,275
	35,000	February 27, 2011	N/A	N/A	102,725
	20,000	February 28, 2010	N/A	N/A	76,300
	20,000	February 1, 2010	N/A	N/A	76,300
	20,000	March 1, 2009	N/A	N/A	76,300
	17,500	December 3, 2008	N/A	N/A	66,763

Name	Units[1] (#)	Period until Maturation[2]	Estimated Future Payouts Under Non-Securities Price-Based Plans[3]		
			Threshold ($ or #)	Target ($ or #)	Maximum ($)
R.J. Turner	50,000	February 25, 2012	N/A	N/A	101,750
	42,500	February 27, 2011	N/A	N/A	124,738
	35,000	February 28, 2010	N/A	N/A	133,525
	50,000	February 1, 2010	N/A	N/A	190,750
	20,000	July 29, 2009	N/A	N/A	76,300
	40,000	March 1, 2009	N/A	N/A	152,600
D.J. McConaghy	45,000	February 25, 2012	N/A	N/A	91,575
	35,000	February 27, 2011	N/A	N/A	102,725
	20,000	February 28, 2010	N/A	N/A	76,300
	20,000	February 1, 2010	N/A	N/A	76,300
	17,500	March 1, 2009	N/A	N/A	66,763

Notes:

(1) *As no further awards have been made under this plan, it will be phased out over the 10-year life of the outstanding units.*

(2) *The exercise period for all units commences upon vesting, which is the third anniversary of the award date and expires on the tenth anniversary of the award date, with the exception of the performance units maturing on February 1, 2010 granted under a one time special performance incentive program, which vested on February 22, 2002. See "Report on Executive Compensation —Performance Unit Plan".*

(3) *The Human Resources Committee determined in February 2004 that $1.06 will accrue for 2003 in respect of the awards made from 1995 to 2002, which awards are referred to beginning at the first line for each Named Executive Officer. The amounts referred to herein may never be received by the Named Executive Officers. See "Report on Executive Compensation — Performance Unit Plan".*

Options Granted For 2003

The following table sets forth the stock options under the Stock Option Plan earned and awarded to each of the Named Executive Officers for 2003 and for their expected future contributions. See "Report on Executive Compensation —Stock Option Plan" for information with respect to this plan. Options awarded in 2003 and attributable to the executive's performance for the 2002 calendar year are reported in TCPL's Management Proxy Circular dated February 25, 2003 and in this Form 28 under "Compensation of Officers — Summary Compensation Table".

Name	Number of Common Shares Under Options Granted[1]	% of Total Options Granted to Employees for 2003	Exercise Price ($/common share)[2]	Market Value of Common Shares Underlying Options on the Date of Grant ($/common share)	Expiration Date
H.N. Kvisle	165,000	12.02	26.85	26.80	February 23, 2011
R.K. Girling	60,000	4.37	26.85	26.80	February 23, 2011
A.J. Pourbaix	60,000	4.37	26.85	26.80	February 23, 2011
R.J. Turner	40,000	2.91	26.85	26.80	February 23, 2011
D.J. McConaghy	60,000	4.37	26.85	26.80	February 23, 2011

Notes:

(1) *Annual option awards under the Stock Option Plan awarded to the Named Executive Officers in relation to the 2003 calendar year and expected future contributions were approved by the Human Resources Committee on February 23, 2004 and are reflected in this Proxy Circular. These options vest and are exercisable as to 33⅓% on each anniversary of the award date for a period of three years.*

(2) *The exercise price is equal to the higher of the closing price of common shares on the award date and the weighted average closing price of common shares on the Toronto Stock Exchange ("TSX") during the five trading days immediately prior to the award date of the options.*

Aggregate Option Exercises During 2003 and 2003 Year-End Option Values

The following table summarizes, for each of the Named Executive Officers, the number of stock options, if any, exercised during the financial year ended December 31, 2003, the aggregate value realized upon exercise, the total number of unexercised options, if any, and the value of unexercised "in-the-money" options at December 31, 2003. This table does not include the stock options awarded on February 23, 2004 which award is included in the Summary Compensation Table. The value of unexercised "in-the-money" options at the financial year end is the difference between the exercise price and the closing price of $27.88 per share of a TransCanada common share on the TSX on December 31, 2003. The underlying options have not been and will not necessarily be exercised and the actual gains, if any, on exercise will depend on the value of common shares on the date of exercise.

Name	Common Shares Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options at December 31, 2003 (#)		Value of Unexercised in-the-Money Options at December 31, 2003 ($)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
H.N. Kvisle	0	0	376,875	310,625	3,791,906	1,913,119
R.K. Girling	0	0	256,412	123,750	2,723,443	764,662
A.J. Pourbaix	20,000	309,030	96,250	121,250	702,737	739,988
R.J. Turner	35,000	454,200	187,225	95,625	1,904,179	599,119
D.J. McConaghy	0	0	153,624	91,250	1,619,927	564,488

Pension and Retirement Benefits

The Named Executive Officers participate in the Registered Pension Plan and the Executive Supplemental Pension Plan which are both non-contributory defined benefit pension plans. The Registered Pension Plan previously provided three benefit options, a defined benefit, defined contribution and a combination option (defined benefit and defined contribution). The Registered Pension Plan was amended effective October 1, 2001 eliminating the combination option for new members. The Registered Pension Plan was amended January 1, 2003 to eliminate the defined contribution option. Credited service and benefits of all previous defined contribution participants has been recognized in the defined benefit plan as if such participant had always participated in the defined benefit plan.

The defined benefit plan is integrated with Canada Pension Plan benefits. The benefit calculation is based on: 1.25% of a person's highest average pensionable earnings up to the Final Average Year's Maximum Pensionable Earnings; plus 1.75% of a person's highest average pensionable earnings in excess of the Final Average Year's Maximum Pensionable Earnings; multiplied by the total number of years credited in the Registered Pension Plan ("Credited Pensionable Service"). Pensionable earnings include base salary and actual incentive compensation payments to a targeted percentage for all employees. Highest average pensionable earnings are defined as the average annual pensionable earnings during the 36 consecutive months when earnings were highest in the last 15 years prior to termination of employment. Final Average Year's Maximum Pensionable Earnings are defined as the three-year average of the Year's Maximum Pensionable Earnings as determined in accordance with the *Canada Pension Plan Act*.

Registered defined benefit pension plans are subject to a maximum annual benefit accrual provided for by the *Income Tax Act* (Canada), currently $1,833 for each year of Credited Pensionable Service, with the result that benefits cannot be earned in the Registered Pension Plan on compensation above approximately $116,000 per annum.

Under the Executive Supplemental Pension Plan, Named Executive Officers of TCPL, among others, are entitled to supplementary pension benefits. Under this plan, the annual pension benefit is equal to the amount calculated using a formula of 1.75% multiplied by the officer's Credited Pensionable

Service under the plan multiplied by the amount by which such officer's highest average annual pensionable earnings exceeds such officer's highest average annual Registered Pension Plan earnings.

Under the Defined Benefit Plan and the Executive Supplemental Pension Plan, a Named Executive Officer will receive the following normal form of pension:

(a) in respect of credited service prior to January 1, 1990, upon retirement, a monthly pension payable for life with 60% continuing thereafter to the participant's designated joint annuitant; and

(b) in respect of credited service on and after January 1, 1990, upon retirement, a monthly pension as described in (a) above and for unmarried participants or married participants who have received spousal consent and who have so elected, a monthly pension payable for life with payments to the participant's estate guaranteed for the balance of 10 years if the participant dies within 10 years of retirement.

In lieu of the normal form of pension, optional forms of pension payment may be chosen provided that any required waivers are completed.

The following table sets out for the Named Executive Officers, the estimated annual Defined Benefit Plan benefits (based on the "joint and 60% survivor" method) payable for credited service under the Registered Pension Plan and the Executive Supplemental Pension Plan (excluding amounts payable under the Canada Pension Plan) in specified final average pensionable earnings and years of Credited Pensionable Service classifications.

Final Average Pensionable Earnings	Years of Credited Pensionable Service[1]					
	10	15	20	25	30	35
$ 400,000	$68,000	$102,000	$136,000	$170,000	$204,000	$238,000
600,000	103,000	155,000	206,000	258,000	309,000	361,000
800,000	138,000	207,000	276,000	345,000	414,000	483,000
1,000,000	173,000	260,000	346,000	433,000	519,000	606,000
1,200,000	208,000	312,000	416,000	520,000	624,000	728,000
1,400,000	243,000	365,000	486,000	608,000	729,000	851,000
1,600,000	278,000	417,000	556,000	695,000	834,000	973,000
1,800,000	313,000	470,000	626,000	783,000	939,000	1,096,000
2,000,000	348,000	522,000	696,000	870,000	1,044,000	1,218,000

Note:

(1) Assuming that the Named Executive Officers above remain employed by TCPL until age 60 and that the Registered Pension Plan and the Executive Supplemental Pension Plan remain in force substantially in their present forms, such officers will have approximately the following listed number of years of Credited Pensionable Service: H.N. Kvisle — 23 years, R.K. Girling — 24 years; R.J. Turner — 31 years, A.J. Pourbaix — 26 years and Dennis J. McConaghy — 32 years. See "Employment Contracts". Amounts are rounded to the nearest one thousand dollars.

Employment Contracts

TCPL has entered into an agreement with Mr. Kvisle to grant additional credited pensionable service. Upon his completion of five years of continuous service with TCPL (the "Vesting Period"), he will be granted five years of additional credited pensionable service. Effective on each of the next five anniversaries of the Vesting Period, Mr. Kvisle will be granted one additional year of credited pensionable service. All such additional service is not to exceed ten additional years of credited pensionable service and is only to be recognized on that portion of his pensionable earnings which exceeds his annual Registered Pension Plan earnings, to be recognized in the Executive Supplemental Pension Plan.

Composition of the Human Resources Committee

The Human Resources Committee is composed of five directors being, K.L. Hawkins (Chair), W.K. Dobson, D.P. O'Brien, W.T. Stephens, and J.D. Thompson, who are neither officers nor former officers of TransCanada or any of its subsidiaries. The committee is mandated to review the company's human resource policies and plans, monitor succession planning, and to assess the performance of the President and Chief Executive Officer and other senior officers of the Company against set objectives. The committee approves the salary and other remuneration to be awarded to senior executive officers of the Company. The committee reports to the Board with recommendations on the remuneration package for the President and Chief Executive Officer. The committee approves executive compensation plans, as well as approving any major changes to the Company's compensation and benefit plans. The committee considers and approves any changes to TCPL's Canadian pension plans relating to benefit aspects of these plans. Further, the committee administers or monitors the Executive Share Unit Plan, the TransCanada Restricted Share Unit Plan (the "Restricted Share Unit Plan"), the Stock Option Plan and the Performance Unit Plan. The Committee reports to the Board on all material matters considered or recommended and approved by it.

Report on Executive Compensation

The Human Resources Committee reviews overall compensation policies and approves the salary and other remuneration to be awarded to executive officers of TransCanada and TCPL. TransCanada and TCPL have adopted a market based compensation program which is designed to be competitive in attracting and retaining employees and to appropriately reward accomplishments and results through pay for performance. The program is comprised of four components: base salary, short-term, mid-term and long-term incentive compensation. The program provides for a combination of competitive base salary and performance-based incentive programs that focus on business achievements, fulfillment of individual objectives and overall job performance. There is a particular focus on reinforcing commitment to maximize shareholder value. Business and individual performance targets are set annually. If actual performance meets objectives, an individual's total direct compensation is designed to be comparable to the median of the market. If actual performance exceeds those targets, an individual's total direct compensation is designed to be competitive with compensation levels in other top performing companies within the comparator group.

In addition, effective January 1, 2003, senior officers of the Company were given guidelines to achieve an ownership stake in TransCanada that is significant in relation to their base salary. Officers have five years to meet these ownership guidelines, which are:

President and Chief Executive Officer	3 times Base Salary
Executive Vice-Presidents	2 times Base Salary
Certain Senior Executives..	1 times Base Salary

In calculating their ownership in TransCanada common shares, officers are entitled to include the value of shares owned, and any units held under the Executive Share Unit Plan, described elsewhere in this Annual Filing of Reporting Issuer. Pursuant to the Company's stock ownership guidelines, as at December 31, 2003 the CEO held a current value of $2,543,073 in eligible shares. This is equivalent to 3.24 times his 2003 base salary.

The pay mix as between base salary and performance based incentive programs for the Named Executive Officers ranges from 26% to 37% of total direct compensation in base pay and 63% to 74% of total direct compensation in performance based incentives.

When determining the level of individual executive compensation, the committee considers market compensation data, which is provided by independent compensation consultants. This compensation data comprises aggregate compensation market data from other Canadian based companies (head office or subsidiary offices) of similar size and scope to the TransCanada group of companies, determined by revenue, assets, market capitalization, number of employees and industry. The industry data utilized is derived from and includes oil and gas (upstream, downstream, heavy oil), pipeline, transportation and, for the power business, electric utilities. This group of companies is referred to in this report as the "comparator group".

For 2003, the Company's objectives focused on the diligent and disciplined implementation of the Company's key strategies for growth and value creation. Performance against these strategies delivered strong financial results with an increase in earnings compared to 2002 and continued strong cash flows. Specifically:

- Net income from continuing operations per TransCanada share in 2003 was $1.66 compared to $1.56 in 2002;
- Funds generated from continuing operations in 2003 were approximately $1.8 billion; and
- Total shareholder return was 27% in 2003.

Base Salaries

Base salaries for the Named Executive Officers are considered against the market compensation data for similar roles and levels of responsibility within the comparator group. Individual salaries are based on the Named Executive Officer's performance contribution to TransCanada and TCPL, as assessed by the President and Chief Executive Officer and the committee, and approved by the committee.

Short-Term Incentive Compensation

Annual incentive compensation is designed to link total cash (base salary and short-term incentive awards combined) compensation levels to the achievement of business and individual goals. The plan provides for annual cash awards based on individual contribution to the Company's results, measured against objectives that are determined at the beginning of each year with an emphasis placed on the individual's performance or contribution toward financial objectives.

If individual threshold performance levels are not reached, no incentive is payable; if target performance levels are reached, the notional market target award is payable. The plan also provides for incentive payments in excess of the notional market target award, at the discretion of the President and Chief Executive Officer and in consultation with the committee, if performance in a year is superior or exceptional.

Mid-Term Incentive Program

Executive Share Unit Plan

The Named Executive Officers participate in a mid-term incentive program, the Executive Share Unit Plan was implemented on February 24, 2003 and was then amended to give effect to the plan of arrangement. The Executive Share Unit Plan is an integral part of the competitive compensation program and is performance driven in that it aligns the individual performance of officers, including the Named Executive Officers, with the achievement of financial objectives and shareholder interests. Under the Executive Share Unit Plan, the Named Executive Officers are eligible for an annual award of a certain number of units as determined at the discretion of the committee. The committee will consider an individual's performance, level of responsibility, number of stock options awarded, the market value of the Executive Share Unit and stock option awards in comparison to the market data of its competitors, and the degree to which each executive's potential and contribution will be key to the success of the Company in determining the size of the unit award for each individual executive officer.

At the time of an award, each Executive Share Unit represents the value of one TransCanada common share and, during the three year vesting cycle, at the time a dividend is declared on the TransCanada common shares each unit accrues an amount equal to such dividend, which amount is then reinvested at such time in additional units at a price equal to the market value of a common share. At the end of three years, provided that the pre-determined corporate performance criteria (as discussed below) are met, the units will vest. Upon vesting, the units held will be valued based on the current share price (a weighted average closing price on the TSX during the five trading days immediately prior to the valuation date) of the TransCanada common shares.

At the time of an award, the committee will set predetermined corporate performance criteria as a target and a threshold. If at the end of the three year term the target is achieved or exceeded, 100% of the units held will vest and, if only the threshold is achieved, 50% of the units held will vest. If the threshold is not achieved, none of the units held will vest. In the event that the threshold is exceeded but the target is not achieved, the committee will have the discretion to determine on a *pro rata* basis the number of units that vest. Awards are based on the target and threshold and are measured with respect to the absolute total shareholder return ("TSR"), the relative TSR as compared to other specified comparison companies (these include Canadian and U.S. organizations with comparable business models and a sample of the Standard & Poor’s (“S&P”)/TSX 60 index companies) and corporate financial performance (earnings per share (EPS) and funds generated from continuing operations).

Long-Term Incentive Program

Stock Option Plan

The Named Executive Officers, as well as other key employees, are eligible to participate in the Stock Option Plan.

The Stock Option Plan is a component of the Named Executive Officers' total compensation program. The Stock Option Plan is intended to reinforce executive officer commitment to the long-term growth and profitability of the Company and shareholder value. The size of the annual stock option award to individual executive officers is determined by considering individual performance, level of responsibility, authority and overall importance to the current welfare of the TransCanada group of companies, and the degree to which each executive officer's long-term potential and contribution will be key to the long-term success of the Company. The committee has flexibility in the determination of the size of the award, the vesting date and expiry date for any options awarded; and, when making its decisions, takes into account all relevant circumstances (including the value of TransCanada's stock option awards in comparison with its competitors and the number of units awarded under the Executive Share Unit Plan). In the case of stock options, executive officers benefit only if the market value of the stock subject to the option at the time of exercise is greater than that at the time of the award.

The Stock Option Plan is administered by the committee. The exercise price of options is determined by the committee at the time options are awarded and is equal to the higher of the closing price of TransCanada common shares on the date of the award and the weighted average closing price of the TransCanada common shares on the TSX during the five trading days immediately preceding the date of the award. Options awarded under the Stock Option Plan up to and including the 2002 award vest as to 25% on the date of award and then 25% on each anniversary thereafter for a period of three years and will be eligible to be exercised until their expiry date, which is generally ten years from the date on which they were awarded. Options awarded under the Stock Option Plan since 2003 will vest as to 33 ⅓% on each anniversary of the date of award for a period of three years. Such options will be eligible to be exercised until their expiry, which will generally be seven years from the date on which they were granted.

The total number of common shares originally reserved for issuance under the 1995 Option Plan was 25,000,000. As at December 31, 2003, approximately 10,355,000 common shares were issuable under outstanding options under the Stock Option Plan. As at February 24, 2004, approximately 11,555,000 common shares were issuable under outstanding options under the Stock Option Plan. Exercise prices for unexercised, issued options range from $10.03 to $26.85, with expiry periods ranging from March 4, 2004 to February 25, 2012.

Performance Unit Plan

The Performance Unit Plan was established in 1995, has been amended from time to time and is administered by the committee. The Named Executive Officers, as well as other key employees, participate in the plan. In July 2002, the committee amended the plan to provide that no further units would be granted under the plan. Accruals on outstanding performance units, however, will continue in accordance with the plan until 2012. In 2003 the plan was amended to give effect to the plan of arrangement.

Under the Performance Unit Plan, a unit accrues annually a cash amount which is no greater than the dividends paid on a TransCanada common share for the preceding financial year if TransCanada's total shareholder return is equal to or greater than that of the peer group index for such financial year. If TransCanada's total shareholder return is less than that of the peer group index for such year, the committee may award a lesser amount.

A performance unit may be redeemed for the dollar value accrued on the unit beginning on the third anniversary of the award date, the vesting date, and is deemed to be automatically redeemed on the tenth anniversary of the award date. However, at the time of exercise the market price of a TransCanada common share plus the amount accrued on the unit must be equal to or greater than the market price of a TransCanada common share on the award date of the unit, and the Stock Option awarded on the same date as the unit must have been previously exercised provided such exercise was not prior to the unit's vesting date.

As at December 31, 2003, approximately 7,550,000 units under the Performance Unit Plan were outstanding. As at February 24, 2004, approximately 7,519,000 units under the Performance Unit Plan were outstanding.

Employee Stock Savings Plan

Named Executive Officers participate in the Employee Stock Savings Plan on the same basis as all other employees. Each employee may direct a payroll deduction toward the purchase of TransCanada common shares. TCPL matches the employee-directed purchase in an amount equal to 25% of the employee amount to a maximum additional Company contribution of 1% of the employee's base salary. The shares purchased and the dividends paid on those shares are allocated to the employee account and vest immediately.

Compensation of the President and Chief Executive Officer

Mr. Kvisle's compensation is established with reference to the comparator group. The committee makes recommendations to the Board regarding Mr. Kvisle's compensation on the same performance-related basis as for the other executive officers including a review of the CEO's success with respect to all of his personal objectives. There are no established weightings or formulaic calculations used in assessing Mr. Kvisle's performance against objectives. The committee considered weightings but made a decision to use discretion instead, but place a higher emphasis on financial results such as earnings per share, earnings before interest, taxes, depreciation and mortization (EBITDA) and TEV/EBITDA (total enterprise value divided by EBITDA). Mr. Kvisle's compensation is comprised of base salary, incentive compensation and participation in the Executive Share Unit Plan, Stock Option Plan, Performance Unit Plan, Employee Stock Savings

Plan, and Registered Pension Plan and Executive Supplemental Pension Plan. See "Compensation and Other Information – Employment Contracts".

The President and Chief Executive Officer's 2003 personal objectives focused on maximizing shareholder value by providing strong corporate leadership in the pursuit of growth and value creation through business development opportunities in the pipeline and power businesses; optimizing company assets through active portfolio management and adhering to operationally excellent business practices; and, building management teams at all levels of the organization capable of delivering business results in line with investors expectations. Advancing the Company's position in the overall energy value chain by building long-term winning relationships is an ongoing priority for Mr. Kvisle. In 2003, his attention was concentrated on eastern customers, members of the Canadian Association of Petroleum Producers (CAPP), and northern constituencies, and he was appointed as the first Canadian chair of the Board of Directors of the Interstate National Gas Association of America (INGAA).

The level of focused and strategic leadership provided by Mr. Kvisle resulted in net income, earnings per share, and TSR in excess of objectives, positioning the TransCanada group of companies to capture opportunities that create significant value for shareholders in the short term and over the long term.

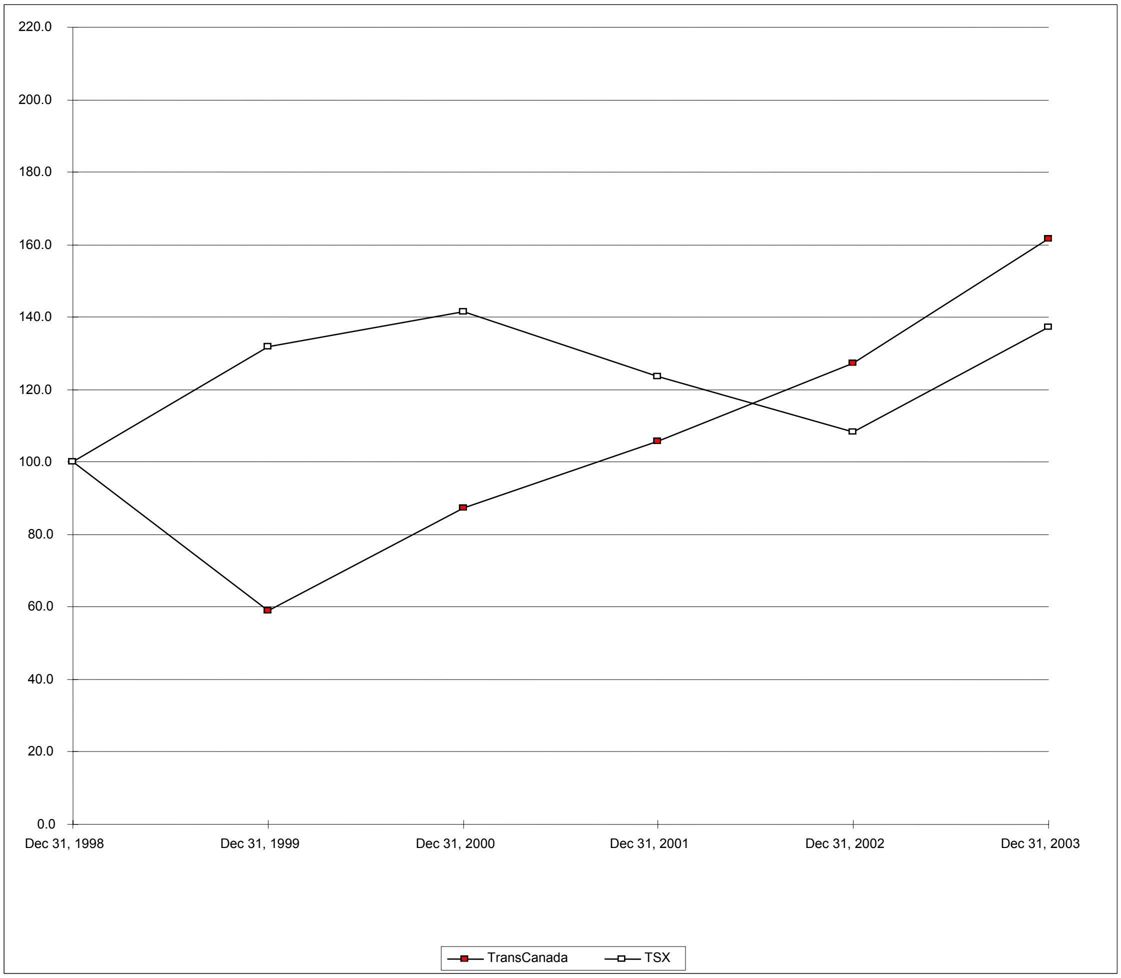
The Board is of the view that Mr. Kvisle's contribution to the Company's achievements in 2003 was superior, resulting in his compensation being in excess of the median of the comparator group. In the determination of Mr. Kvisle's total direct compensation for 2003, the Board considered the achievement of the corporate and personal objectives and goals (both financial and non-financial) as well as any significant economic, industrial, or market circumstances that influenced the performance of the Company. In this regard, the Board determined that all financial objectives of the Company were met with the majority exceeding target.

Submitted by the Human Resources Committee of the Board:

K.L. Hawkins (Chair)
W.K. Dobson
D.P. O'Brien
W.T. Stephens
J.D. Thompson

Performance Graph

The following chart compares the five-year cumulative total shareholder return on the TCPL common shares and, subsequent to May 15, 2003, TransCanada common shares to the S&P/TSX composite index (assuming reinvestment of dividends and considering a $100 investment on December 31, 1998 in common shares).



	Dec 31, 1998	Dec 31, 1999	Dec 31, 2000	Dec 31, 2001	Dec 31, 2002	Dec 31, 2003	Compound Annual Growth
TransCanada	100	58.9	87.2	105.6	127.3	161.7	10.1%
TSX	100	131.7	141.5	123.7	108.3	137.2	6.5%

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

No director or senior officer is indebted to TransCanada or TCPL.

INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS

No insider has any material interest in TransCanada or TCPL.

AUDITOR

KPMG LLP has been appointed as auditor for TCPL and KPMG LLP and its predecessor firms have served as auditor for the Company since 1956. KPMG LLP is the auditor for TCPL and its subsidiaries.

MANAGEMENT CONTRACTS

The management functions of TCPL are substantially performed by the directors and senior officers of the Company.

Dated this 24th day of February, 2004

On behalf of the Board of Directors

/s/ Rhondda E.S. Grant
Rhondda E.S. Grant
Vice-President and Corporate Secretary