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NewsRelease

TransCanada Demonstrates Continued Strong Performance with First Quarter 2001 Earnings

Company Declares Quarterly Dividend

CALGARY, Alberta – April 27, 2001 – (TSE: TRP) (NYSE: TRP)

First Quarter 2001 Highlights

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

- TransCanada PipeLines Limited's net income applicable to common shares (net earnings) for the three months ended March 31, 2001 was $166 million ($0.35 per share), compared to first quarter 2000 earnings, before unusual items, of $142 million ($0.30 per share), an increase of $24 million ($0.05 per share). The unusual items included in the first quarter 2000 results were a gain on the sale of TransCanada's interest in the Hermiston Power Partnership amounting to $23 million, after tax ($0.05 per share) and a tax recovery of $13 million ($0.03 per share) representing the impact of tax law and income tax rate changes in the February 2000 Federal budget.

- The first quarter 2001 increase compared to the same period last year reflects strong performance in the Power business, as well as reduced financial and preferred equity charges as a result of lower net debt balances and preferred share redemptions. This increase was partially offset by lower earnings from the Transmission business and a loss in the Gas Marketing business.

- Deliveries of natural gas on the Alberta System averaged 12.0 billion cubic feet per day (Bcf/d), compared to 13.0 Bcf/d in the first quarter of 2000. Canadian Mainline deliveries of natural gas averaged 7.2 Bcf/d, compared to 7.8 Bcf/d for the same period last year. The BC System delivered an average of 1.2 Bcf/d of natural gas, the same amount as in the first quarter of 2000.

- TransCanada's Board of Directors today declared a quarterly dividend of $0.225 per share for the quarter ended June 30, 2001 on the outstanding common shares. This dividend is payable on July 31, 2001 to shareholders of record at the close of business on June 29, 2001. The Board also declared regular dividends on TransCanada's preferred shares.

"Our performance of the past year and outlook for the year ahead represents a return to a path of stable, profitable growth for TransCanada," said Doug Baldwin, TransCanada's President and Chief Executive Officer. "Not only did we execute well in 2000, we are on the right path for 2001, as evidenced by our first quarter financial results."

Mr. Baldwin said the financial stability and operating focus TransCanada has achieved provides a strong platform for growth in the company's core business areas of natural gas transmission, power generation, and gas and power marketing and trading. "We are focused, on track and on target."

Commenting on the remainder of the year, Mr. Baldwin said TransCanada's focus will be to: optimize and grow the company's pipeline network; grow TransCanada's power business; influence and manage regulatory changes; focus on operational excellence; and maintain a strong financial position.

Optimize and grow the company's pipeline network:
"We will pursue profitable growth opportunities in pipelines where we can achieve maximum utilization of our existing systems and take advantage of new opportunities," said Mr. Baldwin. "To that end, we will make investments in 2001 only in geographies and business lines that are aligned with that strategy."

Grow TransCanada's power business:
Mr. Baldwin said TransCanada will grow its power generation business on both the market and supply sides either through acquisition of generating facilities or of rights to generating capacity, and greenfield development.

Influence and manage regulatory changes:
"We have a focused effort on moving toward a regulatory environment with the flexibility to meet changing market and customer needs and to enable TransCanada to better compete in the North American market," said Mr. Baldwin. "We are committed to working with our customers to develop an integrated regulatory model that provides acceptable returns for our shareholders, reflects the changing environment in which we operate, and addresses the needs of our industry."

Mr. Baldwin said TransCanada made progress during the first quarter of 2001 on its regulatory efforts. On March 13, the company filed an application with the Alberta Energy and Utilities Board for approval of a settlement regarding 2001 and 2002 tolls and services on TransCanada's Alberta System. "We anticipate the Alberta System settlement will be approved before the end of June."

Regarding TransCanada's Canadian Mainline, the company expects to file an application with the National Energy Board on the Mainline settlement of 2001 and 2002 services and pricing next week. The company anticipates a separate cost of capital application will be filed shortly after the settlement application.

Focus on operational excellence:
Mr. Baldwin said, "Operational excellence involves everything we do and how we do it. We continue to improve organizational and operation efficiencies. We have achieved overall cost savings of $155 million over the past two years by eliminating costs associated with our existing and divested businesses, optimizing our assets, improving key processes and simplifying our organization. Further cost efficiencies are being identified for 2001. We are driven to provide low-cost, dependable service."

Maintain a strong financial position:
"We will continue to strengthen the company's financial position," said Mr. Baldwin. "We will divest our few remaining non-core assets, continue to pay down debt, drive down our costs, and increase our discretionary cash flow and earnings per share."

Summarizing, Mr. Baldwin said, "TransCanada's outlook is indeed positive. The company has significant opportunity, well-positioned assets, an extremely talented and experienced team, a strong financial position, and a disciplined approach."

Commenting on his role with the company, Mr. Baldwin said, "When I joined TransCanada almost two years ago as President and Chief Executive Officer, I accepted the challenge of restoring this company financially and operationally – to re-establish it as the great Canadian company it is and has been over its 50-year history.

"My goal was to set the stage for the new President and Chief Executive Officer to follow and to provide a solid platform on which to base the next stage of TransCanada's growth and development. I've been handed a great deal of credit over the past few months for accomplishing this goal. However, the reality is that TransCanada's employees, senior management and Board of Directors made this success possible. I also appreciate TransCanada's shareholders, who demonstrated their support and confidence in us during the past year."

As announced in March, Harold (Hal) Kvisle was appointed by TransCanada's Board of Directors to succeed Mr. Baldwin as President and Chief Executive Officer on May 1. Mr. Baldwin will continue to serve as a member of TransCanada's Board of Directors.

"Hal Kvisle has played a critical role in developing and implementing TransCanada's successful turnaround strategy, including leading its highly successful divestiture program and rapidly growing power business," said Mr. Baldwin. "I know Hal will serve TransCanada shareholders and employees well."

TransCanada will hold a teleconference April 27 at 1:00 p.m. (Mountain) / 3:00 p.m. (Eastern) to discuss the first 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, May 4, 2001, by dialing 1-800-408-3053 or 416-695-5800 (Toronto area) and entering passcode 748446. The conference will begin with a short 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.

TransCanada is a leading North American energy company. It is focused on natural gas transmission, power, and gas marketing services, complemented by 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 controls or manages approximately 1,600 megawatts of power. 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.

First Quarter 2001 Financial Highlights

Operating Results
Three months ended March 31 (unaudited)

(millions of dollars)	**2001**	2000
Net Income Applicable to Common Shares		
Before unusual items	**166**	142
Net income applicable to common shares	**166**	178
Cash Flow		
Funds generated from continuing operations	**225**	347
Capital expenditures	**148**	127

Common Share Statistics

Three months ended March 31 (unaudited)	**2001**	2000
Net Income Per Share		
Basic and diluted earnings per share - before unusual items	**$0.35**	$0.30
Basic and diluted earnings per share	**$0.35**	$0.38
Dividend Per Share	**$0.225**	$0.20
Funds Generated Per Share from Continuing Operations	**$0.47**	$0.73
Common Shares Outstanding (millions)		
Average for the period	**475.1**	474.5
End of period	**475.5**	474.5

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FIRST QUARTER 2001

Quarterly Report to Shareholders

Consolidated Results-at-a-Glance
Three months ended March 31 (unaudited)

(millions of dollars except per share amounts)	**2001**	2000
Net Income Applicable to Common Shares		
Before the undernoted	**166**	142
Asset sales	-	23
Tax law and income tax rate changes	-	13
	166	178
Net Income Per Share - Basic and Diluted		
Before the undernoted	**$0.35**	$0.30
Asset sales	-	0.05
Tax law and income tax rate changes	-	0.03
	$0.35	$0.38

Management's Discussion and Analysis of the First Quarter, 2001

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) for the three months ended March 31, 2001 and the notes thereto.

Results of Operations

Consolidated

Net income applicable to common shares (net earnings) for the three months ended March 31, 2001 was $166 million or $0.35 per share compared to first quarter 2000 net earnings, before unusual items, of $142 million or $0.30 per share.

The first quarter 2000 results include a gain on the sale of TransCanada's interest in the Hermiston Power Partnership amounting to $23 million, after tax, or $0.05 per share. Also included in first quarter 2000 results is 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. Excluding the effect of these items, net earnings increased $24 million or $0.05 per share in the first quarter of 2001 compared to the first quarter of 2000 reflecting strong performance in the Power business, as well as reduced financial and preferred equity charges as a result of lower net debt balances and preferred share redemptions. This increase was partially offset by lower earnings from the Transmission business and a loss in the Gas Marketing business.

Segment Results-at-a-Glance
Three months ended March 31 (unaudited)

(millions of dollars)	**2001**	2000
Transmission	**143**	156
Power	**46**	32
Gas Marketing	**(6)**	10
Corporate	**(17)**	(20)
Net Income Applicable to Common Shares	**166**	178

Transmission

The Transmission business generated net earnings of $143 million and $156 million for the three months ended March 31, 2001 and 2000, respectively.

Transmission Results-at-a-Glance
Three months ended March 31 (unaudited)

(millions of dollars)	**2001**	2000
Wholly-Owned Pipelines		
Alberta System	**44**	57
Canadian Mainline	**68**	68
BC System	**1**	2
	113	127
North American Pipeline Ventures		
Great Lakes	**15**	15
TC PipeLines, LP	**4**	3
Iroquois	**4**	4
Portland	**1**	1
Foothills	**5**	5
Trans Québec & Maritimes	**2**	2
Other	**(1)**	(1)
	30	29
Net earnings	**143**	156

Wholly-Owned Pipelines

Net earnings from the Alberta System were $44 million for the first quarter of 2001 compared to $57 million for the same quarter in 2000. The decrease in net earnings was primarily due to the expiry at the end of 2000 of the Cost-efficiency Incentive Settlement, which included a fixed rate of return on common equity on a significant portion of the investment base. The first quarter 2001 results reflect the recently negotiated settlement for 2001 and 2002 tolls and services which is based on a fixed revenue requirement which results in a lower notional rate of return.

The Canadian Mainline's net earnings in the first quarter of 2001 were consistent with the same quarter in 2000. Net earnings in the first quarter of 2001 reflect interim tolls approved by the National Energy Board (NEB). The effect of the decrease in the rate of return on common equity from 9.90 per cent to 9.61 per cent in 2001 and the lower investment base was offset by the impact of incentive earnings.

Operating Statistics Three months ended March 31 (unaudited)	Alberta System		Canadian Mainline		BC System	
	2001	2000	**2001**	2000	**2001**	2000
Average investment base ($ millions)	**5,266**	5,320	**9,255**	9,516	**206**	215
Delivery volumes (Bcf)						
Total	**1,079**	1,179	**651**	709	**111**	111
Average per day	**12.0**	13.0	**7.2**	7.8	**1.2**	1.2

North American Pipeline Ventures

TransCanada's proportionate share of net earnings from its other gas transmission businesses was $30 million in the first quarter of 2001, which is consistent with the same quarter of 2000.

Power

Power Results-at-a-Glance Three months ended March 31 (unaudited) (millions of dollars)	**2001**	2000
Power LP investment	**11**	9
Northeastern U.S. operations	**34**	7
Western operations	**48**	6
General, administrative and support costs	**(11)**	(5)
Operating and other income	**82**	17
Financial charges	**(5)**	(4)
Income taxes	**(31)**	(4)
	46	9
After-tax gain on sale of Hermiston Power Partnership	-	23
Net earnings	**46**	32

The Power business contributed net earnings of $46 million for the quarter ended March 31, 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, net earnings for the three months ended March 31, 2001 are $37 million higher when compared to the same period in 2000. This increase reflects capital investments made in 2000 as well as increased earnings from marketing activity in the Western region due to high power prices.

Income 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 $27 million increase in income before tax from the Northeastern U.S. operations is primarily attributable to increased marketing income as well as an increased ownership percentage to 100 per cent in Ocean State Power. Income before tax from Western operations increased by $42 million when compared to the first quarter of 2000. This increase is mainly attributable to income from an Alberta power purchase agreement acquired in 2000, increased commercial activity, and the start-up of commercial operations at the Cancarb power plant. The increase in general, administrative and support costs is due to the continuing growth of the Power business.

Gas Marketing

The net loss for the Gas Marketing business was $6 million in the first quarter of 2001 compared to net earnings of $10 million in the first quarter of 2000. This loss is primarily attributable to the negative impact of obligations under a gas supply contract to a utility in the mid-west United States, and costs associated with exiting the retail gas business.

Gas Marketing revenues increased by approximately $4.5 billion in the first quarter of 2001 compared to the same quarter in 2000 primarily reflecting significantly higher natural gas prices in 2001 compared to the first quarter of 2000.

On the balance sheet, assets and liabilities related to unrealized gains and losses on energy trading contracts have declined from year end mainly as a result of a lower market price for natural gas at March 31, 2001 compared to December 31, 2000.

Corporate

Net expenses in the Corporate segment were $17 million for the three months ended March 31, 2001 compared to $20 million for the same period in 2000. The first quarter 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 first quarter of 2001 have improved by $16 million primarily due to lower financial and preferred equity charges as a result of lower net debt balances and the redemption of preferred shares, reflecting the impact of the divestiture program.

Discontinued Operations

TransCanada reviewed the estimates used in calculating the provision for loss on discontinued operations and concluded the remaining liability at March 31, 2001 adequately reflects the expected dispositions. As a result, there is no earnings impact related to discontinued operations in the first quarter of 2001.

Liquidity and Capital Resources

Funds Generated from Operations

Funds generated from continuing operations were $225 million for the three months ended March 31, 2001, compared with $347 million for the same period in 2000. The decrease was primarily due to the settlement in the first quarter of 2001 of natural gas trading losses recorded mainly as unrealized losses in 2000. The settlement of these transactions has no impact on earnings but results in a use of cash in the period.

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.

Investing Activities

Capital expenditures totalled $148 million in the first quarter of 2001 and relate primarily to maintenance capital in the Transmission business and construction of new power plants in Alberta. TransCanada realized proceeds of $697 million in the first quarter of 2001 from the sale of non-core assets under the company's divestiture plan.

Financing Activities

In the first quarter of 2001, TransCanada used a portion of its cash flow to fund debt maturities of approximately $147 million.

Dividends

On April 27, 2001, TransCanada's Board of Directors declared a quarterly dividend of $0.225 per share for the quarter ending June 30, 2001 on the outstanding common shares. This is the 150th consecutive dividend paid by TransCanada on its common shares, and is payable on July 31, 2001 to shareholders of record at the close of business on June 29, 2001. The Board also declared regular dividends on TransCanada's preferred shares.

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

TransCanada has substantially completed its divestiture program announced in late 1999 and has now sold, or has agreements to sell, approximately $3.3 billion of assets. Proceeds received to date have been used primarily to reduce debt and associated financial charges and this is expected to continue as additional proceeds are received in 2001. In the first quarter of 2001, TransCanada closed the previously announced sales of its interests in several natural gas transmission assets in South America for proceeds of approximately $700 million.

In 2001, the company has redirected its focus to the three core segments of natural gas transmission, power, and natural gas marketing in Canada and the northern tier of the United States. The outlook, including economic and business trends, for each of the company's core 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.

Recent Developments

Transmission

Canadian Mainline

In February 2001, TransCanada reached an agreement in principle for 2001 and 2002 services and pricing on its Canadian Mainline that addresses all matters other than cost of capital. The agreement establishes operating, maintenance and administrative costs for the next two years. Most elements of the 2001 and 2002 costs will be treated on a flow-through basis. TransCanada anticipates filing both the application for the services and pricing agreement in principle and the application for the cost of capital with the NEB in the second quarter of 2001. Until regulatory approvals are obtained for 2001 final tolls, interim tolls approved by the NEB are in place.

Alberta System

The 2001 and 2002 Alberta System Rate Settlement was filed for approval by the Alberta Energy and Utilities Board on March 13, 2001. This settlement establishes a fixed revenue requirement for 2001 and 2002 that allows TransCanada to recover projected costs of transporting natural gas and provides a return on average investment base.

North American Pipeline Ventures

In April 2001, TC PipeLines, LP announced that Tuscarora Gas Transmission Company has filed an application with the Federal Energy Regulatory Commission (FERC) to expand the Tuscarora pipeline system to meet new service requests. The expansion has an estimated capital cost of US$60 million and would increase capacity on the system from approximately 124 million cubic feet per day to approximately 220 million cubic feet per day. If approved, the expansion would begin commercial operations in late 2002.

Power

In March 2001, TransCanada signed an agreement to purchase 100 per cent of the Curtis Palmer Hydroelectric Company, L.P. from International Paper Co. for approximately US$285 million. It is anticipated the deal will close by the end of the second quarter of 2001, pending necessary consents and regulatory approvals.

Curtis Palmer Hydroelectric Company, L.P. owns and operates two hydroelectric plants near Corinth, New York, and sells the entire output from the plants under a fixed price power purchase agreement with Niagara Mohawk Power Corporation. The agreement is based on total output and is expected to have a remaining term of more than 25 years. The Curtis Palmer facilities are situated on the Hudson River and have a generating capacity of approximately 60 megawatts. In 2000, the project was re-licensed by the FERC to operate for a period of 40 years. The transaction is expected to contribute positively to TransCanada's earnings immediately upon closing.

In April 2001, TransCanada announced plans to build the Bear Creek Cogeneration Project, an 80 megawatt natural gas-fired cogeneration plant near Grande Prairie, Alberta. Subject to regulatory approvals, construction of the plant with an estimated capital cost of $80 million will commence this fall with expected completion by December 2002. This facility will be developed, owned and operated by TransCanada.

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

Three months ended March 31 (unaudited) (millions of dollars except per share amounts)	**2001**	2000
Revenues	**7,902**	3,107
Operating Expenses		
Cost of sales	**6,821**	2,028
Other costs and expenses	**353**	394
Depreciation	**201**	181
	7,375	2,603
Operating Income	**527**	504
Other Expenses/(Income)		
Financial charges	**229**	242
Financial charges of joint ventures	**26**	28
Allowance for funds used during construction	**(2)**	(3)
Interest and other income	**(29)**	(22)
Gain on sale of assets	**-**	(26)
	224	219
Income before Income Taxes	**303**	285
Income Taxes - Current and Future	**120**	86
Net Income	**183**	199
Preferred Securities Charges	**12**	12
Preferred Share Dividends	**5**	9
Net Income Applicable to Common Shares	**166**	178
Net Income Per Share - Basic and Diluted	**$0.35**	$0.38
Average Shares Outstanding (millions)	**475.1**	474.5

See accompanying notes to the Consolidated Financial Statements.

Consolidated Cash Flows

Three months ended March 31 (unaudited) (millions of dollars)	**2001**	2000
Cash Generated From Operations		
Net income	**183**	199
Depreciation	**201**	181
Change in net unrealized position on energy trading contracts	**(177)**	(9)
Gain on sale of assets	**-**	(26)
Future income taxes	**43**	9
Other	**(25)**	(7)
Funds generated from continuing operations	**225**	347
Increase in operating working capital	**(244)**	(178)
Net cash (used in)/provided by continuing operating activities	**(19)**	169
Net cash provided by discontinued operating activities	**30**	82
	11	251
Investing Activities		
Capital expenditures	**(148)**	(127)
Disposition of assets	**697**	82
Deferred amounts and other	**(20)**	(11)
Net cash provided by/(used in) investing activities	**529**	(56)
Financing Activities		
Dividends and preferred securities charges	**(114)**	(162)
Notes payable (repaid)/issued, net	**(2)**	535
Reduction of long-term debt	**(147)**	(464)
Non-recourse debt of joint ventures issued	**5**	8
Reduction of non-recourse debt of joint ventures	**(10)**	(17)
Preferred shares redeemed	**-**	(28)
Common shares issued	**8**	-
Net cash used in financing activities	**(260)**	(128)
Increase in Cash and Short-Term Investments	**280**	67
Cash and Short-Term Investments		
Beginning of period	**509**	411
Cash and Short-Term Investments		
End of period	**789**	478

See accompanying notes to the Consolidated Financial Statements.

Consolidated Balance Sheet

(millions of dollars)	March 31, 2001 (unaudited)	December 31, 2000
ASSETS		
Current Assets		
Cash and short-term investments	**789**	509
Accounts receivable	**2,235**	2,043
Inventories	**244**	311
Other	**37**	32
Unrealized gains on energy trading contracts	**1,407**	2,334
Current assets of discontinued operations	**98**	154
	4,810	5,383
Unrealized Gains on Energy Trading Contracts	**506**	521
Long-Term Investments	**190**	174
Plant, Property and Equipment	**17,707**	17,673
Other Assets	**393**	422
Future Income Taxes	**60**	192
Long-Term Assets of Discontinued Operations	**903**	1,183
	24,569	25,548
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Notes payable	**146**	200
Accounts payable	**2,387**	2,579
Accrued interest	**298**	264
Long-term debt due within one year	**570**	612
Non-recourse debt of joint ventures due within one year	**31**	29
Provision for loss on discontinued operations	**348**	128
Unrealized losses on energy trading contracts	**1,279**	2,341
Current liabilities of discontinued operations	**84**	98
	5,143	6,251
Unrealized Losses on Energy Trading Contracts	**551**	608
Deferred Amounts	**422**	344
Long-Term Debt	**9,899**	9,928
Non-Recourse Debt of Joint Ventures	**1,379**	1,296
Junior Subordinated Debentures	**244**	243
Long-Term Liabilities of Discontinued Operations	**245**	288
Non-Controlling Interests	**2**	2
	17,885	18,960
Shareholders' Equity		
Preferred securities	**983**	969
Preferred shares	**389**	389
Common shares	**4,548**	4,540
Contributed surplus	**263**	263
Retained earnings	**472**	414
Foreign exchange adjustment	**29**	13
	6,684	6,588
	24,569	25,548

See accompanying notes to the Consolidated Financial Statements.

Consolidated Retained Earnings

Three months ended March 31 (unaudited) (millions of dollars)	**2001**	2000
Balance at beginning of period	**414**	119
Net income	**183**	199
Preferred securities charges	**(12)**	(12)
Preferred share dividends	**(5)**	(9)
Common share dividends	**(108)**	(95)
Accounting changes	**-**	(37)
	472	165

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 three months ending March 31, 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. The March 31, 2000 amounts have been restated to reflect a reclassification of prior year reported revenue and cost of sales of $511 million. There is no impact on reported operating income or net income as a result of this reclassification.

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 March 31 (millions of dollars)	Transmission 2001	Transmission 2000	Power 2001	Power 2000	Gas Marketing 2001	Gas Marketing 2000	Corporate 2001	Corporate 2000	Total 2001	Total 2000
Revenues	**960**	1,001	**428**	126	**6,514**	1,980	**-**	-	**7,902**	3,107
Cost of sales	**-**	-	**(308)**	(74)	**(6,513)**	(1,954)	**-**	-	**(6,821)**	(2,028)
Other costs and expenses	**(307)**	(349)	**(27)**	(30)	**(13)**	(8)	**(6)**	(7)	**(353)**	(394)
Depreciation	**(186)**	(173)	**(13)**	(7)	**(2)**	(1)	**-**	-	**(201)**	(181)
Operating income/(loss)	**467**	479	**80**	15	**(14)**	17	**(6)**	(7)	**527**	504
Financial and preferred equity charges	**(216)**	(221)	**(4)**	-	**-**	-	**(26)**	(42)	**(246)**	(263)
Financial charges of joint ventures	**(25)**	(24)	**(1)**	(4)	**-**	-	**-**	-	**(26)**	(28)
Other income	**14**	15	**2**	28	**2**	-	**13**	8	**31**	51
Income taxes	**(97)**	(93)	**(31)**	(7)	**6**	(7)	**2**	21	**(120)**	(86)
Net Income/(Loss) Applicable to Common Shares	**143**	156	**46**	32	**(6)**	10	**(17)**	(20)	**166**	178
Capital expenditures										
Continuing Operations	**61**	47	**42**	11	**-**	-	**-**	5	**103**	63

Total Assets (millions of dollars)	**March 31, 2001** (unaudited)	December 31, 2000
Transmission	**17,301**	17,347
Power	**1,776**	1,889
Gas Marketing (primarily current assets)	**3,173**	3,892
Corporate	**1,318**	1,083
Continuing Operations	**23,568**	24,211
Discontinued Operations	**1,001**	1,337
	24,569	25,548

4. Discontinued Operations

In December 1999, the Board of Directors approved a plan to dispose of the company's International business, its investment in the Express Pipeline System, the Canadian midstream business, Cancarb Limited and the petroleum and products marketing business.

The disposal plan was substantially completed in 2000. Adjustments to the estimate of the net loss on disposal will be recognized as a gain or loss on discontinued operations as these estimates change.

Revenues from discontinued operations for the three months ended March 31, 2001 were $21 million (2000 - $1,200 million). Capital expenditures attributable to discontinued operations for the three months ended March 31, 2001 were $45 million (2000 - $64 million).

As at March 31, 2001, remaining discontinued businesses are primarily certain of the company's International investments. Management continues its efforts to dispose of these remaining assets.

Other Financial Information (millions of dollars)	**March 31, 2001** (unaudited)	December 31, 2000
Current assets	**98**	154
Long-term investments	**437**	731
Plant, property and equipment	**384**	372
Other non-current assets	**82**	80
	1,001	1,337
Current liabilities	**84**	98
Long-term and non-recourse debt	**220**	213
Other non-current liabilities	**25**	75
	329	386
Net assets of discontinued operations	**672**	951

Provision for Loss on Discontinued Operations (millions of dollars)	
Balance at January 1, 2001	**128**
Results of discontinued operations	**5**
Net gain on sales of discontinued operations	**233**
Severance and transaction costs paid	**(18)**
Balance at March 31, 2001	**348**

Supplementary Information

As at March 31, 2001, TransCanada had 475,468,298 issued and outstanding common shares. In addition, there were 16,768,331 outstanding options to purchase common shares, of which 13,105,625 were exercisable as at March 31, 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) 267-8521. The investor fax line is (403) 267-8538.

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

Visit TransCanada's Internet site at: http://www.transcanada.com