

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement (the “prospectus supplement”), together with the accompanying short form base shelf prospectus dated December 2, 2013 to which it relates, as amended or supplemented (the “prospectus”), and each document incorporated by reference into the prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. See “Plan of Distribution”.

Information has been incorporated by reference in the prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated therein by reference may be obtained on request without charge from the Corporate Secretary of TransCanada Corporation, 450 – 1st Street S.W., Calgary, Alberta, Canada, T2P 5H1 (telephone (403) 920-2000) and are also available electronically at [www.sedar.com](http://www.sedar.com).

## Prospectus Supplement to the Short Form Base Shelf Prospectus Dated December 2, 2013

New Issue

January 13, 2014



# TRANSCANADA CORPORATION

**\$450,000,000**

## **18,000,000 Cumulative Redeemable First Preferred Shares, Series 9**

TransCanada Corporation (the “Corporation”) is hereby qualifying the distribution (the “Offering”) of 18,000,000 cumulative redeemable first preferred shares, Series 9 (“Series 9 Shares”) of the Corporation at a price of \$25.00 per Series 9 Share. See “Details of the Offering” and “Plan of Distribution”.

The holders of Series 9 Shares will be entitled to receive, as and when declared by the board of directors of the Corporation out of moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends for the initial period (the “Initial Fixed Rate Period”) from and including the date of issue of the Series 9 Shares to but excluding October 30, 2019, at an annual rate of \$1.0625 per share, payable quarterly on the 30<sup>th</sup> day of January, April, July and October in each year. If any such date is not a business day, the dividend will be paid on the next succeeding business day. Assuming an issue date of January 20, 2014, the first dividend, if declared, will be payable April 30, 2014, in the amount of \$0.2911 per share.

For each five-year period after the Initial Fixed Rate Period (each a “Subsequent Fixed Rate Period”, as defined herein), the holders of Series 9 Shares shall be entitled to receive, as and when declared by the board of directors of the Corporation, fixed cumulative preferential cash dividends, payable quarterly on the 30<sup>th</sup> day of January, April, July and October in each year, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate (as defined herein) for such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by the Corporation on the Fixed Rate Calculation Date (as defined herein) and will be equal to the sum of the Government of Canada Yield (as defined herein) on the Fixed Rate Calculation Date plus a spread of 2.35%. This spread will apply to both the Series 9 Shares and the Series 10 Shares described below, and will remain unchanged over the life of the Series 9 Shares and the Series 10 Shares. See “Details of the Offering”.

The Series 9 Shares shall not be redeemable prior to October 30, 2019. On October 30, 2019, and on October 30 in every fifth year thereafter, the Corporation may, at its option, upon not less than 30 days and not more than 60 days prior written notice, redeem for cash all or any part of the outstanding Series 9 Shares by the payment of \$25.00 per Series 9 Share plus all accrued and unpaid dividends. See “Details of the Offering”.

### **Option to Convert into Series 10 Shares**

The holders of the Series 9 Shares will have the right to convert all or any of their shares into cumulative redeemable first preferred shares, Series 10 of the Corporation (the “Series 10 Shares”), subject to certain conditions, on October 30, 2019 and on October 30 in every fifth year thereafter. The holders of the Series 10 Shares will be entitled to receive, as and when declared by the board of directors of the Corporation, quarterly floating rate cumulative preferential cash dividends payable on the 30<sup>th</sup> day of January, April, July and October in each year (each such quarterly dividend period is referred to as a “Quarterly Floating Rate Period”, as defined herein) in the amount per share determined by multiplying the Floating Quarterly Dividend Rate (as defined herein) for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year. The Floating Quarterly Dividend Rate will be the annual rate of interest equal to the sum of the T-Bill Rate (as defined herein) on the applicable Floating Rate Calculation Date (as defined herein) plus a spread of 2.35%. See “Details of the Offering”.

The Series 9 Shares and Series 10 Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series 9 Shares and Series 10 Shares are identical in all material respects.

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## **Price: \$25.00 per Series 9 Share to initially yield 4.25% per annum**

	<b>Price to the Public</b>	<b>Underwriters' Fee<sup>(1)</sup></b>	<b>Net Proceeds to the Corporation<sup>(2)</sup></b>
Per Series 9 Share . . . . .	\$25.00	\$0.75	\$24.25
<b>Total</b> . . . . .	\$450,000,000	\$13,500,000	\$436,500,000

- (1) The Underwriters' fee for the Series 9 Shares is \$0.25 for each share sold to certain institutions by closing of the Offering, and \$0.75 per share for all other Series 9 Shares purchased by the Underwriters (as defined herein). The Underwriters' fee indicated in the table assumes that no Series 9 Shares are sold to such institutions.
- (2) Before deducting the estimated expenses of the Offering of approximately \$700,000. The expenses of the Offering and the Underwriters' fee will be paid from the general funds of the Corporation.

**There is no market through which the Series 9 Shares may be sold and purchasers may not be able to resell Series 9 Shares purchased under this prospectus supplement. This may affect the pricing of the Series 9 Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Series 9 Shares and the extent of issuer regulation. See "Risk Factors".**

The Corporation has applied to the Toronto Stock Exchange (the "TSX") to list the Series 9 Shares and Series 10 Shares described in this prospectus supplement. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSX. There can be no assurance that the Series 9 Shares and Series 10 Shares will be accepted for listing on the TSX.

It is currently anticipated that the closing date of the Offering (the "Offering Closing Date") will be on or about January 20, 2014, or such later date as the Corporation and the Underwriters may agree but in any event not later than February 17, 2014. See "Details of the Offering".

Scotia Capital Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., CIBC World Markets Inc., TD Securities Inc., National Bank Financial Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc. and UBS Securities Canada Inc. (collectively, the "Underwriters"), as principals, conditionally offer the Series 9 Shares, subject to prior sale, if, as and when issued by the Corporation to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution", and subject to the approval of certain legal matters relating to the Offering on behalf of the Corporation by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Norton Rose Fulbright Canada LLP.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. Book entry only certificates representing the Series 9 Shares will be issued in registered form to CDS Clearing and Depository Services Inc. ("CDS") or its nominee and will be deposited with CDS on the Offering Closing Date. A purchaser of Series 9 Shares will receive only a customer confirmation from a registered dealer which is a CDS participant and from or through which the Series 9 Shares are purchased. See "Depository Services".

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Series 9 Shares at levels other than those which might otherwise prevail on the open market. **The Underwriters propose to offer the Series 9 Shares initially at the offering price specified above. After a reasonable effort has been made to sell all of the Series 9 Shares at the price specified, the Underwriters may reduce the selling price to investors from time to time in order to sell any of the Series 9 Shares remaining unsold. Any such reduction will not affect the proceeds received by the Corporation. See "Plan of Distribution".**

In the opinion of counsel, subject to the provisions of any particular plan, the Series 9 Shares, if issued on the date hereof, generally would be qualified investments under the *Income Tax Act* (Canada) (the "Tax Act") for certain tax-exempt trusts. See "Eligibility for Investment".

**Investing in the Series 9 Shares involves certain risks. See "Risk Factors" in the accompanying prospectus and in this prospectus supplement.**

**Each of Scotia Capital Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., CIBC World Markets Inc., TD Securities Inc., National Bank Financial Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc. and UBS Securities Canada Inc. is a subsidiary or an affiliate of a lender which is one of the lenders to the Corporation or its subsidiaries and to which the Corporation or its affiliates is currently indebted. Consequently, the Corporation may be considered a connected issuer of such Underwriters for the purposes of securities regulations in certain provinces of Canada. The net proceeds from this Offering may be used to reduce the Corporation's indebtedness to such lenders. See "Relationship Between the Corporation and Certain of the Underwriters" and "Use of Proceeds".**

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### **IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS**

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the securities the Corporation is offering and also adds to and updates certain information contained in the prospectus and the documents incorporated by reference therein. The second part, the base shelf prospectus, gives more general information, some of which may not apply to the Series 9 Shares offered hereunder. The accompanying base shelf prospectus, dated December 2, 2013, is referred to as the “prospectus” in this prospectus supplement. Except on the cover page and under the heading “Details of the Offering” and unless the context otherwise requires, all references in this prospectus supplement to “we”, “us”, “our”, or the “Corporation” refer to TransCanada Corporation and its subsidiaries, partnership interests and joint venture investments.

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

In this prospectus supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. References to “dollars” or “\$” are to lawful currency of Canada, and references to “U.S. dollars” and “U.S.\$” are to lawful currency of the U.S.

**Unless otherwise indicated, all financial information included and incorporated by reference in this prospectus supplement and the prospectus has been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”).**

### FORWARD-LOOKING INFORMATION

This prospectus supplement and the prospectus and the documents incorporated by reference therein include “forward-looking information” and “forward-looking statements” (collectively, “forward-looking information”) within the meaning of securities laws, including the “safe harbour” provisions of the *Securities Act* (Ontario) and the *Securities Act* (Alberta). The words “anticipate”, “expect”, “believe”, “may”, “will”, “should”, “estimate”, “project”, “outlook”, “forecast”, “intend”, “target”, “plan” or other similar words are used to identify such forward-looking information. Forward-looking information in this prospectus supplement, in the prospectus and in the documents incorporated by reference therein is intended to provide potential investors with information regarding us, including management’s assessment of our future plans and financial outlook. Forward-looking information in this prospectus supplement includes statements under the headings “Use of Proceeds” and “Relationship Between the Corporation and Certain of the Underwriters”. Forward-looking information in the prospectus and the documents incorporated by reference therein may include, but is not limited to, statements regarding:

- anticipated business prospects;
- our financial and operational performance, including the performance of our subsidiaries;
- expectations or projections about strategies and goals for growth and expansion;
- expected cash flows and future financing options available to us;
- expected costs for planned projects, including projects under construction and in development;
- expected schedules for planned projects (including anticipated construction and completion dates);
- expected regulatory processes and outcomes;
- expected impact of regulatory outcomes;
- expected outcomes with respect to legal proceedings, including arbitration;
- expected capital expenditures and contractual obligations;
- expected operating and financial results;
- expected impact of future commitments and contingent liabilities; and
- expected industry, market and economic conditions.

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

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

- inflation rates, commodity prices and capacity prices;
- timing of financings and hedging;
- regulatory decisions and outcomes;
- foreign exchange rates;

- interest rates;
- tax rates;
- planned and unplanned outages and the use of our pipeline and energy assets;
- integrity and reliability of our assets;
- access to capital markets;
- anticipated construction costs, schedules and completion dates; and
- acquisitions and divestitures.

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

- our ability to successfully implement our strategic initiatives;
- whether our strategic initiatives will yield the expected benefits;
- the operating performance of our pipeline and energy assets;
- amount of capacity sold and rates achieved in our pipeline business;
- the availability and price of energy commodities;
- amount of capacity payments and revenues we receive from our energy business;
- regulatory decisions and outcomes;
- outcomes of legal proceedings, including arbitration;
- performance of our counterparties;
- changes in political environment;
- changes in environmental and other laws and regulations;
- competitive factors in the pipeline and energy sectors;
- construction and completion of capital projects;
- labour, equipment and material costs;
- access to capital markets;
- interest and foreign exchange rates;
- weather;
- cybersecurity;
- technological developments; and
- economic conditions in North America as well as globally.

Additional information on these and other factors is discussed in this prospectus supplement, the prospectus and the documents incorporated by reference therein including in the 2012 MD&A (as defined herein) under the headings “Natural Gas Pipelines — Business Risks”, “Oil Pipelines — Business Risks”, “Energy — Business Risks” and “Other Information — Risks and Risk Management”, as may be modified or superseded by documents incorporated or deemed to be incorporated by reference in the prospectus.

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

## DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed, as of the date hereof, to be incorporated by reference into the prospectus only for the purposes of the distribution of the Series 9 Shares offered hereunder. Other documents are also incorporated or deemed to be incorporated by reference into the prospectus and reference should be made to the prospectus for full details.

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

- (a) audited comparative consolidated financial statements as at December 31, 2012 and 2011 and for each of the years in the three-year period ended December 31, 2012, the notes thereto, and the auditors' report thereon;
- (b) management's discussion and analysis of financial condition and results of operations as at and for the year ended December 31, 2012 (the "2012 MD&A");
- (c) unaudited interim comparative consolidated financial statements as at September 30, 2013 and for the three and nine month periods ended September 30, 2013 and 2012 and the notes thereto;
- (d) management's discussion and analysis of financial condition and results of operations as at and for the three and nine months ended September 30, 2013;
- (e) annual information form for the year ended December 31, 2012 dated February 11, 2013 (the "Annual Information Form");
- (f) management proxy circular dated February 11, 2013 for the 2013 annual and special meeting of shareholders held on April 26, 2013; and
- (g) the template version (as such term is defined in National Instrument 41-101 — General Prospectus Requirements) of the term sheet relating to the Offering dated January 13, 2014 (the "Initial Term Sheet") and the template version of the revised term sheet for the Offering dated January 13, 2014 (the "Revised Term Sheet").

Any documents of the type referred to above, including all annual information forms, all information circulars, all annual and interim financial statements and management's discussion and analysis relating thereto, all material change reports (excluding confidential material change reports), press releases containing financial information for financial periods more recent than the most recent annual or interim financial statements, and any business acquisition reports, as well as all prospectus supplements disclosing additional or updated information and any other marketing materials (as such term is defined in National Instrument 41-101 — General Prospectus Requirements) relating to the Offering subsequently filed by the Corporation with securities regulatory authorities in Canada after the date of this prospectus supplement and prior to the completion or termination of the Offering shall be deemed to be incorporated by reference into the prospectus. These documents will be available through the internet on the System for Electronic Document Analysis and Retrieval ("SEDAR"), which can be accessed at [www.sedar.com](http://www.sedar.com).

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

The template version of the Initial Term Sheet does not form part of this prospectus supplement to the extent that the contents thereof have been modified or superseded by a statement contained in this prospectus supplement.

Statements included in the template version of the Initial Term Sheet relating to the size of the Offering, including the number of Series 9 Shares being distributed pursuant to the Offering and the Corporation granting an option to the Underwriters to purchase additional Series 9 Shares, have been modified in view of disclosure contained in this prospectus supplement to reflect the increase in the number of Series 9 Shares being distributed pursuant to the Offering from what was disclosed in the Initial Term Sheet and the elimination of the option granted to the Underwriters. See disclosure on the cover page of this prospectus supplement and under “Details of the Offering”. Pursuant to Section 9A.3(7) of National Instrument 44-102 — Shelf Distributions, the Corporation has prepared a revised template version of the Initial Term Sheet, being the Revised Term Sheet, which has been blacklined to show the modified statements discussed herein. The Revised Term Sheet and the blacklined version thereof have been filed with the securities commissions or similar authorities in each of the provinces of Canada and can be viewed under the Corporation’s profile at [www.sedar.com](http://www.sedar.com).

#### USE OF PROCEEDS

The net proceeds to the Corporation from the Offering will be approximately \$436,500,000 after deducting the Underwriters’ fee of approximately \$13,500,000 and before deducting expenses of the Offering. The expenses of the Offering and the Underwriters’ fee will be paid from the general funds of the Corporation. The net proceeds of the Offering will be used for general corporate purposes and to reduce short term indebtedness of the Corporation and its affiliates, which short term indebtedness was used to fund the Corporation’s capital program and for general corporate purposes. The Corporation may invest funds that it does not immediately require in short-term marketable debt securities.

#### CONSOLIDATED CAPITALIZATION

Other than the issuance by TransCanada PipeLines Limited (“TCPL”), a wholly-owned subsidiary of the Corporation, of U.S. \$625 million principal amount of 3.750% senior notes due 2023 and U.S. \$625 million principal amount of 5.000% senior notes due 2043, on October 7, 2013 (the “October 2013 Notes”) there have been no material changes in the share and loan capital of the Corporation, on a consolidated basis, from September 30, 2013 to the date of this prospectus supplement. TCPL redeemed all of its four million outstanding 5.60% cumulative redeemable first preferred shares series U (“Series U Shares”) with a total face value of \$200 million on October 15, 2013 (the “October 2013 Redemption”). After giving effect to the Offering, the equity of the Corporation will increase by the amount of the net proceeds of the Offering and the issued and outstanding Series 9 Shares will increase by 18,000,000 shares.

#### DETAILS OF THE OFFERING

The following is a summary of the principal rights, privileges, restrictions and conditions attaching to the first preferred shares (“First Preferred Shares”) of the Corporation as a class and to be attached to the Series 9 Shares and Series 10 Shares. Such provisions will be available on SEDAR at [www.sedar.com](http://www.sedar.com).

##### Definition of Terms

The following definitions are relevant to the Series 9 Shares and the Series 10 Shares.

“Annual Fixed Dividend Rate” means, for any Subsequent Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 2.35%.

“Dividend Payment Date” means the 30th day of January, April, July and October in each year.

“Fixed Rate Calculation Date” means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

“Floating Quarterly Dividend Rate” means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 2.35%.

“Floating Rate Calculation Date” means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

“Government of Canada Yield” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen GCAN5YR <Index> Page on such date; provided that if such rate does not appear on the Bloomberg Screen GCAN5YR <Index> Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to the Corporation by two registered Canadian investment dealers selected by the Corporation as being the annual yield to maturity on such date, compounded semi-annually, that a non-callable Government of Canada bond would carry if issued, in Canadian dollars, at 100% of its principal amount on such date with a term to maturity of five years.

“Initial Fixed Rate Period” means the period from and including the date of issue of the Series 9 Shares to but excluding October 30, 2019.

“Quarterly Commencement Date” means the 30th day of January, April, July and October in each year, commencing October 30, 2019.

“Quarterly Floating Rate Period” means the period from and including a Quarterly Commencement Date to but excluding the next succeeding Quarterly Commencement Date.

“Series 9 Conversion Date” means October 30, 2019, and October 30 in every fifth year thereafter.

“Series 10 Conversion Date” means October 30, 2024, and October 30 in every fifth year thereafter.

“Subsequent Fixed Rate Period” means, for the initial Subsequent Fixed Rate Period, the period from and including October 30, 2019 to but excluding October 30, 2024, and for each succeeding Subsequent Fixed Rate Period means the period from and including the day immediately following the last day of the immediately preceding Subsequent Fixed Rate Period to but excluding October 30 in the fifth year thereafter.

“T-Bill Rate” means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on 90 day Government of Canada treasury bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

### **Certain Provisions of the First Preferred Shares as a Class**

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

#### *Priority*

The First Preferred Shares of each series shall rank on a parity with the First Preferred Shares of every other series, and shall be entitled to preference over the Common Shares and the second preferred shares of the Corporation and any other shares ranking junior to the First Preferred Shares with respect to the payment of dividends, the repayment of capital and the distribution of assets of the Corporation for the purpose of winding up its affairs in the event of a liquidation, dissolution or winding up of the Corporation.



### *Voting Rights*

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

### *Changes in Terms*

The provisions attaching to the First Preferred Shares as a class may be modified, amended or varied only with the approval of the holders of the First Preferred Shares as a class. Any such approval to be given by the holders of the First Preferred Shares may be given by the affirmative vote of the holders of not less than 66 $\frac{2}{3}$  per cent of the First Preferred Shares represented and voted at a meeting or adjourned meeting of such holders.

## **Certain Provisions of the Series 9 Shares**

### *Issue Price*

The Series 9 Shares will have an issue price of \$25.00 per share.

### *Dividends on Series 9 Shares*

During the Initial Fixed Rate Period, the holders of the Series 9 Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the board of directors, out of the moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends at an annual rate of \$1.0625 per share, payable quarterly on each Dividend Payment Date in each year. The first dividend, if declared, shall be payable on April 30, 2014, and, notwithstanding the foregoing, shall be in the amount per share determined by multiplying \$1.0625 by the number of days in the period from and including the date of issue of the Series 9 Shares to but excluding April 30, 2014, and dividing that product by 365.

During each Subsequent Fixed Rate Period, the holders of the Series 9 Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the board of directors, out of the moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends, payable quarterly on each Dividend Payment Date, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate for such Subsequent Fixed Rate Period by \$25.00.

On each Fixed Rate Calculation Date, the Corporation shall determine the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series 9 Shares. The Corporation shall, on each Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series 9 Shares.

### *Redemption of Series 9 Shares*

The Series 9 Shares shall not be redeemable prior to October 30, 2019. Subject to the provisions described under "Restrictions on Payments and Reductions of Capital", on October 30, 2019, and on October 30 in every fifth year thereafter, the Corporation may redeem all or any part of the Series 9 Shares by the payment of an amount in cash for each share to be redeemed equal to \$25.00 plus all accrued and unpaid dividends thereon to but excluding the date fixed for redemption.

Notice of any redemption of Series 9 Shares will be given by the Corporation not more than 60 days and not less than 30 days prior to the date fixed for redemption. If less than all of the outstanding Series 9 Shares are at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the board of directors of the Corporation or the transfer agent, if any, appointed by the Corporation in respect of such shares shall decide, or, if the board of directors of the Corporation so decides, such shares may be redeemed pro rata (disregarding fractions).

From and after the date specified in a notice of redemption, the Series 9 Shares called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price is not made upon presentation of certificates in accordance with the provisions of the Series 9 Shares, in which case the rights of the holders shall remain unaffected.

#### *Conversion of Series 9 Shares into Series 10 Shares*

The Series 9 Shares shall not be convertible prior to October 30, 2019. Holders of Series 9 Shares shall have the right to convert on each Series 9 Conversion Date, subject to certain restrictions, all or any of their Series 9 Shares into Series 10 Shares on the basis of one Series 10 Share for each Series 9 Share. Notice of a holder's intention to convert Series 9 Shares must be received by the transfer agent and registrar for the Series 9 Shares at its principal office in Toronto or Calgary not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 9 Conversion Date. Once received by the transfer agent and registrar on behalf of the Corporation, the election of a holder to convert is irrevocable.

The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series 9 Conversion Date, give notice to the then registered holders of the Series 9 Shares of the conversion right. On the 30th day prior to each Series 9 Conversion Date, the Corporation shall give notice to the then registered holders of the Series 9 Shares of the Annual Fixed Dividend Rate for the Series 9 Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 10 Shares for the next succeeding Quarterly Floating Rate Period.

Holders of Series 9 Shares shall not be entitled to convert their shares into Series 10 Shares if the Corporation determines that there would remain outstanding on a Series 9 Conversion Date less than 1,000,000 Series 10 Shares, after having taken into account all Series 9 Shares tendered for conversion into Series 10 Shares and all Series 10 Shares tendered for conversion into Series 9 Shares. The Corporation shall give notice thereof to all affected registered holders of the Series 9 Shares at least seven days prior to the applicable Series 9 Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series 9 Conversion Date less than 1,000,000 Series 9 Shares, after having taken into account all Series 9 Shares tendered for conversion into Series 10 Shares and all Series 10 Shares tendered for conversion into Series 9 Shares, then all of the remaining outstanding Series 9 Shares shall be converted automatically into Series 10 Shares on the basis of one Series 10 Share for each Series 9 Share on the applicable Series 9 Conversion Date and the Corporation shall give notice thereof to the then registered holders of such remaining Series 9 Shares at least seven days prior to the Series 9 Conversion Date.

The Corporation reserves the right not to deliver Series 10 Shares to any person that the Corporation or its transfer agent has reason to believe is a person whose address is in, or that the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction.

If the Corporation gives notice to the holders of the Series 9 Shares of the redemption of all of the Series 9 Shares, the right of a holder of Series 9 Shares to convert such Series 9 Shares shall terminate and the Corporation shall not be required to give notice to the registered holders of the Series 9 Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or the conversion right of holders of Series 9 Shares.

The Series 9 Shares and Series 10 Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two Series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series 9 Shares and Series 10 Shares are identical in all material respects.

#### *Purchase for Cancellation*

Subject to the provisions described under "Restrictions on Payments and Reductions of Capital", the Corporation may at any time or times purchase for cancellation all or any part of the Series 9 Shares at the lowest price or prices at which, in the opinion of the board of directors of the Corporation, such shares are obtainable.

### *Rights on Liquidation*

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series 9 Shares shall be entitled to receive \$25.00 per Series 9 Share plus all accrued and unpaid dividends thereon before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series 9 Shares in any respect. After payment to the holders of the Series 9 Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property or assets of the Corporation.

### *Restrictions on Payments and Reductions of Capital*

So long as any Series 9 Shares are outstanding, the Corporation shall not:

- (a) call for redemption, purchase, reduce or otherwise pay off less than all the Series 9 Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 9 Shares with respect to payment of dividends,
- (b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series 9 Shares) on the Common Shares or any other shares of the Corporation ranking junior to the Series 9 Shares with respect to payment of dividends, or
- (c) call for redemption, purchase, reduce or otherwise pay off any shares of the Corporation ranking junior to the Series 9 Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Series 9 Shares and on all other preferred shares then outstanding ranking prior to or on a parity with the Series 9 Shares with respect to payment of dividends shall have been declared and paid or set apart for payment at the date of any such action.

### *Creation or Issue of Additional Shares*

So long as any Series 9 Shares are outstanding, the Corporation shall not, without the prior approval of the holders of the Series 9 Shares, create or issue any shares ranking prior to or on a parity with the Series 9 Shares with respect to repayment of capital or payment of dividends, provided that the Corporation may without such approval issue additional series of First Preferred Shares if all dividends then payable on the Series 9 Shares shall have been paid or set apart for payment.

### *Voting Rights*

The holders of the Series 9 Shares are not entitled to voting rights or to receive notice of or to attend shareholders' meetings unless dividends on the Series 9 Shares are in arrears to the extent of eight quarterly dividends, whether or not consecutive. Until all such arrears of dividends have been paid, holders of Series 9 Shares will be entitled to receive notice of and to attend all shareholders' meetings at which directors are to be elected (other than separate meetings of holders of another class or series of shares) and to one vote in respect of each Series 9 Share held with respect to resolutions to elect directors.

### *Tax Election*

The Series 9 Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Series 9 Shares. The terms of the Series 9 Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 9 Shares. See "Certain Canadian Federal Income Tax Considerations — Dividends".

### *Modification*

The series provisions attaching to the Series 9 Shares may be amended with the written approval of all the holders of the Series 9 Shares outstanding or by at least two-thirds of the votes cast at a meeting of the holders of such shares duly called for that purpose.

### *Business Day*

If any day on which any dividend on the Series 9 Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a business day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a business day. For the purposes hereof, “business day” shall mean a day on which banks are generally open for business in both Calgary, Alberta and Toronto, Ontario.

## **Certain Provisions of the Series 10 Shares**

### *Issue Price*

The Series 10 Shares will be issuable only upon conversion of Series 9 Shares and will have an ascribed issue price of \$25.00 per share.

### *Dividends on Series 10 Shares*

During each Quarterly Floating Rate Period, the holders of the Series 10 Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the board of directors, out of the moneys of the Corporation properly applicable to the payment of dividends, cumulative preferential cash dividends, payable on each Dividend Payment Date, in the amount per share determined by multiplying the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year.

On each Floating Rate Calculation Date, the Corporation shall determine the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series 10 Shares. The Corporation shall, on each Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series 10 Shares.

### *Redemption of Series 10 Shares*

Subject to the provisions described under “Restrictions on Payments and Reductions of Capital”, the Corporation may redeem all or any part of the Series 10 Shares by the payment of an amount in cash for each share to be redeemed equal to (i) \$25.00 in the case of a redemption on any Series 10 Conversion Date on or after October 30, 2024, or (ii) \$25.50 in the case of a redemption on any date after October 30, 2019 that is not a Series 10 Conversion Date, in each case plus all accrued and unpaid dividends thereon to but excluding the date fixed for redemption.

Notice of any redemption of Series 10 Shares will be given by the Corporation not more than 60 days and not less than 30 days prior to the date fixed for redemption. If less than all of the outstanding Series 10 Shares are at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the board of directors of the Corporation or the transfer agent, if any, appointed by the Corporation in respect of such shares shall decide, or, if the board of directors of the Corporation so decides, such shares may be redeemed pro rata (disregarding fractions).

From and after the date specified in a notice of redemption, the Series 10 Shares called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price is not made upon presentation of certificates in accordance with the provisions of the Series 10 Shares, in which case the rights of the holders shall remain unaffected.

### *Conversion of Series 10 Shares into Series 9 Shares*

The Series 10 Shares shall not be convertible prior to October 30, 2024. Holders of Series 10 Shares shall have the right to convert on each Series 10 Conversion Date, subject to certain restrictions, all or any of their Series 10 Shares into Series 9 Shares on the basis of one Series 9 Share for each Series 10 Share. Notice of a holder's intention to convert Series 10 Shares must be received by the transfer agent and registrar for the Series 10 Shares at its principal office in Toronto or Calgary not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 10 Conversion Date. Once received by the transfer agent and registrar on behalf of the Corporation, the election of a holder to convert is irrevocable.

The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series 10 Conversion Date, give notice to the then registered holders of the Series 10 Shares of the conversion right. On the 30th day prior to each Series 10 Conversion Date, the Corporation shall give notice to the then registered holders of the Series 10 Shares of the Annual Fixed Dividend Rate for the Series 9 Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 10 Shares for the next succeeding Quarterly Floating Rate Period.

Holders of Series 10 Shares shall not be entitled to convert their shares into Series 9 Shares if the Corporation determines that there would remain outstanding on a Series 10 Conversion Date less than 1,000,000 Series 9 Shares, after having taken into account all Series 9 Shares tendered for conversion into Series 10 Shares and all Series 10 Shares tendered for conversion into Series 9 Shares. The Corporation shall give notice thereof to all affected registered holders of the Series 10 Shares at least seven days prior to the applicable Series 10 Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series 10 Conversion Date less than 1,000,000 Series 10 Shares, after having taken into account all Series 9 Shares tendered for conversion into Series 10 Shares and all Series 10 Shares tendered for conversion into Series 9 Shares, then all of the remaining outstanding Series 10 Shares shall be converted automatically into Series 9 Shares on the basis of one Series 9 Share for each Series 10 Share on the applicable Series 10 Conversion Date and the Corporation shall give notice thereof to the then registered holders of such remaining Series 10 Shares at least seven days prior to the Series 10 Conversion Date.

The Corporation reserves the right not to deliver Series 9 Shares to any person that the Corporation or its transfer agent has reason to believe is a person whose address is in, or that the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction.

If the Corporation gives notice to the holders of the Series 10 Shares of the redemption of all of the Series 10 Shares, the right of a holder of Series 10 Shares to convert such Series 10 Shares shall terminate and the Corporation shall not be required to give notice to the registered holders of the Series 10 Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or the conversion right of holders of Series 10 Shares.

The Series 9 Shares and Series 10 Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series 9 Shares and Series 10 Shares are identical in all material respects.

### *Purchase for Cancellation*

Subject to the provisions described under "Restrictions on Payments and Reductions of Capital", the Corporation may at any time or times purchase for cancellation all or any part of the Series 10 Shares at the lowest price or prices at which, in the opinion of the board of directors of the Corporation, such shares are obtainable.

### *Rights on Liquidation*

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series 10 Shares shall be entitled to receive \$25.00 per Series 10 Share plus all accrued and unpaid dividends

thereon before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series 10 Shares in any respect. After payment to the holders of the Series 10 Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property, or assets of the Corporation.

#### *Restrictions on Payments and Reductions of Capital*

So long as any Series 10 Shares are outstanding, the Corporation shall not:

- (a) call for redemption, purchase, reduce or otherwise pay off less than all the Series 10 Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 10 Shares with respect to payment of dividends,
- (b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series 10 Shares) on the Common Shares or any other shares of the Corporation ranking junior to the Series 10 Shares with respect to payment of dividends, or
- (c) call for redemption, purchase, reduce or otherwise pay off any shares of the Corporation ranking junior to the Series 10 Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Series 10 Shares and on all other preferred shares then outstanding ranking prior to or on a parity with the Series 10 Shares with respect to payment of dividends shall have been declared and paid or set apart for payment at the date of any such action.

#### *Creation or Issue of Additional Shares*

So long as any Series 10 Shares are outstanding, the Corporation shall not, without the prior approval of the holders of the Series 10 Shares, create or issue any shares ranking prior to or on a parity with the Series 10 Shares with respect to repayment of capital or payment of dividends, provided that the Corporation may without such approval issue additional series of First Preferred Shares if all dividends then payable on the Series 10 Shares shall have been paid or set apart for payment.

#### *Voting Rights*

The holders of the Series 10 Shares are not entitled to voting rights or to receive notice of or to attend shareholders' meetings unless dividends on the Series 10 Shares are in arrears to the extent of eight quarterly dividends, whether or not consecutive. Until all such arrears of dividends have been paid, holders of Series 10 Shares will be entitled to receive notice of and to attend all shareholders' meetings at which directors are to be elected (other than separate meetings of holders of another class or series of shares) and to one vote in respect of each Series 10 Share held with respect to resolutions to elect directors.

#### *Tax Election*

The Series 10 Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Series 10 Shares. The terms of the Series 10 Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 10 Shares. See "Certain Canadian Federal Income Tax Considerations — Dividends".

#### *Modification*

The series provisions attaching to the Series 10 Shares may be amended with the written approval of all the holders of the Series 10 Shares outstanding or by at least two-thirds of the votes cast at a meeting or adjourned meeting of the holders of such shares duly called for that purpose.

### *Business Day*

If any day on which any dividend on the Series 10 Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a business day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a business day. For the purposes hereof, “business day” shall mean a day on which banks are generally open for business in both Calgary, Alberta and Toronto, Ontario.

### **DEPOSITORY SERVICES**

The Series 9 Shares and Series 10 Shares will be issued in “book entry only” form and must be purchased or transferred through a participant in the CDS depository service (“CDS Participant”). The Corporation will cause a global certificate or certificates representing any newly issued Series 9 Shares or Series 10 Shares to be delivered to, and registered in the name of, CDS or its nominee. All rights of holders of Series 9 Shares or Series 10 Shares must be exercised through, and all payments or other property to which such holder of Series 9 Shares or Series 10 Shares, as the case may be, is entitled, will be made or delivered by, CDS or the CDS Participant through which the holder of Series 9 Shares or Series 10 Shares holds such shares. Each person who acquires Series 9 Shares or Series 10 Shares will receive only a customer confirmation of purchase from the registered dealer from or through which the Series 9 Shares or Series 10 Shares are acquired in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book entry accounts for its CDS Participants having interests in the Series 9 Shares or Series 10 Shares.

The ability of a beneficial owner of Series 9 Shares or Series 10 Shares to pledge such shares or otherwise take action with respect to such owner’s interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Corporation has the option to terminate registration of the Series 9 Shares and Series 10 Shares through the book entry only system, in which event certificates for Series 9 Shares and Series 10 Shares in fully registered form will be issued to the beneficial owners of such shares or their nominees.

Neither the Corporation nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Series 9 Shares or Series 10 Shares held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Series 9 Shares or Series 10 Shares; or (c) any advice or representation made by or with respect to CDS and those contained in this prospectus supplement and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Series 9 Shares or Series 10 Shares must look solely to CDS Participants for payments made by or on behalf of the Corporation to CDS in respect of the Series 9 Shares or Series 10 Shares.

If (i) required by applicable law, (ii) the book entry only system ceases to exist, (iii) the Corporation determines that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Series 9 Shares or Series 10 Shares and the Corporation is unable to locate a qualified successor, or (iv) the Corporation, at its option, decides to terminate the book entry only system, then certificates representing the Series 9 Shares and Series 10 Shares, as applicable, will be made available.

### **EARNINGS COVERAGE RATIOS**

The following financial ratios have been calculated on a consolidated basis for the respective 12-month periods ended December 31, 2012 and September 30, 2013 and are based on audited financial information in the case of the 12-month period ended December 31, 2012 and unaudited financial information in the case of the 12-month period ended September 30, 2013. The following financial ratios give pro forma effect to the issuance of the Series 9 Shares pursuant to this prospectus supplement and the intended use of proceeds therefrom as

well as the October 2013 Redemption and to the issuance of the October 2013 Notes. The financial ratios for the 12-month period ended December 31, 2012 also give pro forma effect to the issuance of 24,000,000 cumulative redeemable first preferred shares, Series 7 Shares on March 4, 2013 (“Series 7 Shares”) and the issuance by TCPL of: (i) \$300 million principal amount of 4.55% medium term notes due 2041 and \$450 million principal amount of 3.69% medium term notes due 2023 on July 19, 2013 (collectively, the “July 2013 MTNs”); (ii) U.S. \$500 million principal amount of floating rate senior notes due 2016 (the “Floating Rate Notes”) on July 3, 2013 (assuming a constant rate of interest for the notes for the applicable periods based on the rate of interest applicable to such notes on the date hereof); and (iii) U.S. \$750 million principal amount of 0.750% senior notes on January 15, 2013 (the “January 2013 Notes”). Adjustments for other normal course issuances and repayments of long-term debt subsequent to September 30, 2013 and December 31, 2012, as applicable, would not materially affect the ratios and, as a result, have not been made. The financial ratios for the 12-month periods ended December 31, 2012 and September 30, 2013 have been calculated based on information contained within our financial statements for the related periods.

	<u>December 31, 2012</u>	<u>September 30, 2013</u>
Earnings coverage on long-term debt and current liabilities . . . . .	2.1 times	2.4 times
Earnings coverage on long-term debt, current liabilities and First Preferred Shares . . . . .	1.9 times <sup>(1)</sup>	2.2 times <sup>(1)</sup>

(1) Gives effect to the dividends declared on the Corporation’s outstanding Series 1 Shares, Series 3 Shares, Series 5 Shares, Series 7 Shares and Series 9 Shares pursuant to this prospectus supplement and TCPL’s outstanding first preferred shares (Series Y), in the aggregate amount of \$146.5 million for the twelve-months ended December 31, 2012 and in the aggregate amount of \$139.8 million for the twelve-months ended September 30, 2013. All of TCPL’s Series U Shares were redeemed on October 15, 2013.

The Corporation’s dividend requirements on all of its issued and outstanding First Preferred Shares and TCPL’s outstanding first preferred shares (Series Y) for: (i) the 12-month period ended December 31, 2012 after giving pro forma effect to the issuance of the Series 9 Shares to be distributed under this prospectus supplement and the intended use of proceeds therefrom, and adjusted to a before tax equivalent using an effective income tax rate of 25.6% amounted to approximately \$146.5 million for the 12 months ended December 31, 2012; and (ii) the 12-month period ended September 30, 2013 after giving pro forma effect to the issuance of the Series 9 Shares to be distributed under this prospectus supplement and the intended use of proceeds therefrom, and adjusted to a before tax equivalent using an effective income tax rate of 23.6% amounted to approximately \$139.8 million for the 12 months ended September 30, 2013. The Corporation’s interest requirements for: (i) the 12-months ended December 31, 2012 after giving pro forma effect to the issuances of the October 2013 Notes, the July 2013 MTNs, the Floating Rate Notes (assuming a constant rate of interest for the Floating Rate Notes for the applicable periods based on the rate of interest applicable to such Floating Rate Notes on the date hereof) and the January 2013 Notes amounted to approximately \$1.327 billion; and (ii) for the 12-months ended September 30, 2013 after giving pro forma effect to the issuances of the October 2013 Notes amounted to approximately \$1.311 billion. The Corporation’s earnings before interest expense and income tax for the 12-month period ended December 31, 2012 were approximately \$2.802 billion, which is 1.9 times the Corporation’s aggregate pro forma dividend and interest requirements for this period. The Corporation’s earnings before interest expense and income tax for the 12-month period ended September 30, 2013 were approximately \$3.204 billion, which is 2.2 times the Corporation’s aggregate pro forma dividend and interest requirements for this period.

### CREDIT RATINGS

The Series 9 Shares have been rated Pfd-2 (low) by DBRS Limited (“DBRS”) and P-2 by Standard & Poor’s (“S&P”) (DBRS and S&P are each a “Rating Agency” and together the “Rating Agencies”). Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. The Rating Agencies’ ratings for preferred shares range from a high of Pfd-1 to a low of D for DBRS and from a high of P-1 to a low of D for S&P.



According to the DBRS rating system, securities rated Pfd-2 are of satisfactory credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet, and coverage ratios are not as strong as higher rated companies. “High” or “low” grades are used to indicate the relative standing within a rating category. The absence of either a “high” or “low” designation indicates the rating is in the “middle” of the category.

According to the S&P rating system, securities rated P-2 exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. The ratings from P-1 to P-5 may be modified by “high” and “low” grades which indicate relative standing within the major rating categories.

The credit ratings accorded to the Series 9 Shares by the Rating Agencies are not recommendations to purchase, hold or sell such shares inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a Rating Agency in the future if, in its judgment, circumstances so warrant. The lowering of any rating of the Series 9 Shares may negatively affect the quoted market price, if any, or value of such shares.

The Corporation paid fees to each of the Rating Agencies for the credit ratings rendered on the Series 9 Shares. The Corporation has also paid fees to each of the Rating Agencies for credit ratings provided on other outstanding classes of securities of the Corporation. Additional information relating to such other ratings is included under the heading “Credit Ratings” in the Annual Information Form. Other than those payments made in respect of credit ratings, no additional payments have been made to any of the Rating Agencies for any other services provided to the Corporation during the past two years.

#### **PLAN OF DISTRIBUTION**

Pursuant to an underwriting agreement (the “Underwriting Agreement”) dated January 13, 2014 between the Corporation and the Underwriters, the Corporation has agreed to sell an aggregate of 18,000,000 Series 9 Shares to the Underwriters, and the Underwriters have severally (and not jointly or jointly and severally) agreed to purchase from the Corporation, as principals, such Series 9 Shares at a price of \$25.00 per Series 9 Share payable in cash against delivery on the Offering Closing Date. The Underwriting Agreement provides that, in consideration of the services of the Underwriters in connection with the Offering, the Corporation will pay the Underwriters a fee of \$0.25 per Series 9 Share issued and sold by the Corporation to certain institutions by closing of the Offering, and \$0.75 per Series 9 Share for all other Series 9 Shares issued and sold by the Corporation as part of the Offering, for an aggregate fee payable by the Corporation of \$13,500,000, assuming that no Series 9 Shares are sold to such institutions. The Underwriters’ fee is payable on the Offering Closing Date.

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

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint or joint and several) and may be terminated at their discretion upon the occurrence of certain stated events. Such events include, but are not limited to: (a) there shall occur any change in the business, affairs, operations, assets, liabilities, earnings, capital or ownership or condition of the Corporation on a consolidated basis resulting in a misrepresentation in this prospectus supplement, the prospectus and the documents incorporated by reference therein, (b) as a result of investigations after the date hereof, the Underwriters (or any one of them) determine that there exists any fact or circumstance which existed prior to the date hereof and had not been disclosed prior to the date hereof, which in their sole opinion, acting reasonably, would be expected to have a material adverse effect on the market price or value of the Series 9 Shares; and (c) if there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence, or any law or regulation, which in the reasonable opinion of the Underwriters may materially adversely affect or involve the financial markets or the business, operations or affairs of the Corporation and its subsidiaries, take as a whole or is expected to prevent, suspend or materially restrict the trading in the Series 9 Shares.

If an Underwriter fails to purchase the Series 9 Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Series 9 Shares, provided that, if the aggregate number of Series 9 Shares not purchased is less than or equal to 10% of the aggregate number of Series 9 Shares agreed to be purchased by the Underwriters, then each of the other Underwriters is obligated to purchase severally the Series 9 Shares not taken up, on a pro rata basis or as they may otherwise agree as between themselves. The Underwriters are, however, obligated to take up and pay for all Series 9 Shares if any Series 9 Shares are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Corporation will indemnify the Underwriters and their respective directors, officers, shareholders, agents and employees against certain liabilities and expenses.

The Underwriters propose to offer the Series 9 Shares initially at the public offering price specified on the cover page of this prospectus supplement. After the Underwriters have made a reasonable effort to sell all of the Series 9 Shares offered by this prospectus supplement at the price specified herein, the offering price may be decreased and may be further changed from time to time to an amount not greater than \$25.00. In the event the offering price of the Series 9 Shares is reduced, the compensation received by the Underwriters will be decreased by the amount by which the aggregate price paid by the purchasers for the Series 9 Shares is less than the gross proceeds paid by the Underwriters to the Corporation for the Series 9 Shares. Any such reduction will not affect the proceeds received by the Corporation.

Subscriptions for Series 9 Shares will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice.

The Corporation has applied to the TSX to list the Series 9 Shares and Series 10 Shares. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSX. There can be no assurance that the Series 9 Shares and the Series 10 Shares will be accepted for listing on the TSX.

The Corporation has agreed that, subject to certain exceptions, it shall not issue or agree to issue any First Preferred Shares or other securities convertible into, or exchangeable for, First Preferred Shares prior to 60 days after the Offering Closing Date without the prior consent of Scotia Capital Inc., BMO Nesbitt Burns Inc. and RBC Dominion Securities Inc. on behalf of the Underwriters, which consent shall not be unreasonably withheld. This 60 day period may be extended under certain circumstances.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Series 9 Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series 9 Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 9 Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

#### **RELATIONSHIP BETWEEN THE CORPORATION AND CERTAIN OF THE UNDERWRITERS**

Each of Scotia Capital Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., CIBC World Markets Inc., TD Securities Inc., National Bank Financial Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc. and UBS Securities Canada Inc. is, directly or indirectly, a subsidiary of certain lenders (the “Lenders”) which have extended credit facilities (collectively, the “Facilities”) to the Corporation or its affiliates. Accordingly, the Corporation may be considered to be a “connected issuer” of such Underwriters under applicable securities legislation. The Facilities consist of the following committed unsecured syndicated facilities: a TCPL \$3.0 billion amended and restated credit agreement; a TransCanada PipeLine USA Ltd. U.S.\$1.0 billion credit agreement; a TransCanada American Investments Ltd. U.S.\$1.0 billion credit agreement; a TC PipeLines, LP U.S.\$500 million first amendment to amended and restated revolving credit and term loan agreement, a TC PipeLines, LP U.S. \$500 million term loan agreement and a Trans Québec & Maritimes

Pipeline Inc. \$85 million revolving amended and restated credit agreement; and certain other unsecured demand bank facilities with aggregate commitments of approximately \$950 million. As of January 9, 2014 the Corporation had approximately \$2.0 billion outstanding under the Facilities.

As of the date hereof, the Corporation and its affiliates are in material compliance with all material terms of the agreements governing the Facilities and none of the Lenders has waived any material breach by the Corporation or its affiliates of those agreements since the Facilities were established. The financial position of the Corporation has not changed substantially and adversely since the indebtedness under the Facilities was incurred. None of the Lenders have been or will be involved in the decision to offer the Series 9 Shares and none have been or will be involved in the determination of the terms of any distribution of Series 9 Shares. Proceeds from the sale of Series 9 Shares may be used to reduce indebtedness which the Corporation or its subsidiaries may have with one or more Lenders which are related to an Underwriter or may be invested in short-term deposits or securities, including of or with the Underwriters or their affiliates. See "Use of Proceeds".

#### CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Norton Rose Fulbright Canada LLP, counsel to the Underwriters, the following summary, as of the date hereof, describes the principal Canadian federal income tax considerations generally applicable under the provisions of the Tax Act to a prospective purchaser of Series 9 Shares pursuant to this prospectus supplement who, at all relevant times, for the purposes of the Tax Act, is (or is deemed to be) resident in Canada, holds the Series 9 Shares and will hold the Series 10 Shares, as applicable, as capital property, and deals at arm's length with the Corporation and the Underwriters and is not affiliated with the Corporation or the Underwriters (a "Holder"). Generally, the Series 9 Shares or Series 10 Shares will be considered to be capital property to a Holder provided the Holder does not hold the shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Holders who might not otherwise be considered to hold their Series 9 Shares or Series 10 Shares as capital property may, in certain circumstances, be entitled to have them and all other "Canadian securities" (as defined in the Tax Act) owned by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Holders who do not hold their Series 9 Shares or will not hold their Series 10 Shares, as applicable, as capital property should consult their own tax advisers with respect to their own particular circumstances.

This summary is not applicable to a Holder: (i) that is a "financial institution", as defined in the Tax Act for the purpose of the "mark-to-market" rules; (ii) an interest in which would be a "tax shelter investment" as defined in the Tax Act; (iii) that is a "specified financial institution" as defined in the Tax Act; (iv) which has made a "functional currency" election under the Tax Act to determine its Canadian tax results in a currency other than Canadian currency; (v) that is exempt from tax under the Tax Act; or (vi) that has entered into or will enter into, in respect of a Series 9 Share or a Series 10 Share a "derivative forward agreement" as defined in the Tax Act. Any such Holder should consult its own tax advisors with respect to an investment in the Series 9 Shares.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder (the "Regulations"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Proposals"), existing case law and counsel's understanding of the current published administrative and assessing practices of the Canada Revenue Agency. This summary assumes the Proposals will be enacted in the form proposed; however, no assurance can be given that the Proposals will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder of Series 9 Shares or Series 10 Shares. No representations are made with respect to the income tax consequences to any particular Holder. Consequently, prospective Holders should consult their own tax advisers with respect to their particular circumstances for advice with respect to the tax**

**consequences to them of acquiring, holding and disposing of the Series 9 Shares or the Series 10 Shares, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.**

#### *Dividends*

Dividends (including deemed dividends) received (or deemed to be received) on the Series 9 Shares or the Series 10 Shares, as the case may be, by a Holder that is an individual (other than certain trusts) will be included in such Holder's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations. Individuals are entitled to an enhanced gross-up and dividend tax credit in respect of "eligible dividends" received from taxable Canadian corporations, such as the Corporation, if such dividends have been designated as eligible dividends by the Corporation. By notice in writing on the Corporation's website, the Corporation has designated all dividends paid by the Corporation after December 31, 2005 to be "eligible dividends" within the meaning of the Tax Act unless otherwise notified.

Dividends received by a Holder who is an individual (other than certain trusts) may give rise to a liability for alternative minimum tax.

Dividends (including deemed dividends) received on the Series 9 Shares or the Series 10 Shares, as the case may be, by a Holder which is a corporation will be included in computing the Holder's income and will generally be deductible in computing the Holder's taxable income. A "private corporation", as defined in the Tax Act, or any other corporation controlled (whether by reason of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33 $\frac{1}{3}$ % refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Series 9 Shares or the Series 10 Shares, as the case may be, to the extent such dividends are deductible in computing its taxable income.

The Series 9 Shares and the Series 10 Shares will be "taxable preferred shares" as defined in the Tax Act. The terms of the Series 9 Shares and the Series 10 Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 9 Shares or the Series 10 Shares.

#### *Dispositions*

A Holder who disposes of or is deemed to dispose of Series 9 Shares or Series 10 Shares (on the redemption of such shares or otherwise but not including on a conversion of Series 9 Shares into Series 10 Shares or a conversion of Series 10 Shares into Series 9 Shares) will generally realize a capital gain (or a capital loss) to the extent that the Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the Holder. The amount of any deemed dividend arising on the redemption, acquisition or cancellation by the Corporation of Series 9 Shares or Series 10 Shares, as the case may be, will generally not be included in computing the Holder's proceeds of disposition for purposes of computing the capital gain (or capital loss) arising on the disposition of such Series 9 Shares or Series 10 Shares, as the case may be. See "— Redemption" below. If the Holder is a corporation, any capital loss arising on a disposition of a Series 9 Share or a Series 10 Share, as the case may be, may, in certain circumstances, be reduced by the amount of any dividends, which have been received (or deemed to be received) on the Series 9 Share or Series 10 Share or any share which was converted into such share. Analogous rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary.

Generally, one-half of any capital gain will be included in computing the Holder's income in the year of disposition as a taxable capital gain and one-half of any capital loss (an "allowable capital loss") must be deducted from the Holder's taxable capital gains in the year of disposition. Allowable capital losses in excess of taxable capital gains for a taxation year generally may be carried back up to three taxation years or carried forward indefinitely and deducted against net taxable capital gains in those other taxation years. Capital gains realized by an individual may give rise to a liability for alternative minimum tax. Taxable capital gains of a "Canadian-controlled private corporation", as defined in the Tax Act, may be subject to an additional refundable tax at a rate of 6 $\frac{2}{3}$ %.

### *Redemption*

If the Corporation redeems Series 9 Shares or Series 10 Shares, or otherwise acquires or cancels Series 9 Shares or Series 10 Shares (other than by a purchase by the Corporation of the shares in the open market in the manner in which shares are normally purchased by any member of the public in the open market), the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Corporation in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See “— Dispositions” above. In the case of a Holder that is a corporation, it is possible that in certain circumstances all or part of any such deemed dividend may be treated as proceeds of disposition and not as a dividend.

### *Conversion*

The conversion of Series 9 Shares into Series 10 Shares and the conversion of Series 10 Shares into Series 9 Shares will not constitute a disposition of property for purposes of the Tax Act and, accordingly, will not give rise to a capital gain or capital loss. The cost to a Holder of the Series 10 Shares or Series 9 Shares, as the case may be, received on the conversion will, subject to the cost averaging rules contained in the Tax Act for identical properties, be deemed to be equal to the Holder’s adjusted cost base of the converted Series 9 Shares or Series 10 Shares, as the case may be, immediately before the conversion.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Norton Rose Fulbright Canada LLP, counsel to the Underwriters, subject to the provisions of any particular plan, the Series 9 Shares offered hereby, if issued on the date hereof, generally would be qualified investments under the Tax Act and the Regulations for a trust governed by a registered retirement savings plan (“RRSP”), a registered retirement income fund (“RRIF”), a registered education savings plan, a registered disability savings plan, a deferred profit sharing plan, or a tax-free savings account (“TFSA”).

Notwithstanding that the Series 9 Shares may be qualified investments for a trust governed by an RRSP, RRIF or a TFSA, the annuitant under an RRSP or RRIF or the holder of a TFSA may be subject to a penalty tax if such Series 9 Shares are “prohibited investments” for the RRSP, RRIF or TFSA within the meaning of the Tax Act. The Series 9 Shares will generally not be a “prohibited investment” provided that the annuitant under the RRSP or RRIF or the holder of the TFSA, as the case may be, deals at arm’s length with the Corporation for purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act) in the Corporation. In addition the Series 9 Shares will generally not be “prohibited investments” if the Series 9 Shares are “excluded property” as defined in the Tax Act.

Prospective investors who intend to hold Series 9 Shares in their RRSP, RRIF or TFSA should consult their own tax advisers regarding whether the Series 9 Shares will be a prohibited investment in their particular circumstances.

## **RISK FACTORS**

An investment in the Series 9 Shares offered hereunder involves certain risks. In addition to the other information contained in this prospectus supplement and the accompanying prospectus, and in the documents incorporated by reference therein, prospective purchasers of Series 9 Shares should consider carefully the risk factors set forth below, as well as the risk factors referenced in the accompanying prospectus under the heading “Risk Factors”.

### **Market for Securities**

There is currently no market through which the Series 9 Shares may be sold and purchasers of Series 9 Shares may not be able to resell the Series 9 Shares purchased under this prospectus supplement. The price offered to the public for the Series 9 Shares and the number of Series 9 Shares to be issued have been determined by negotiations among the Corporation and the Underwriters. The price paid for each Series 9 Share may bear no relationship to the price at which the Series 9 Shares will trade in the public market subsequent to this Offering. The Corporation cannot predict at what price the Series 9 Shares will trade and there can be no assurance that an active trading market will develop for the Series 9 Shares or, if developed, that such market will be sustained. The Corporation has applied to list and post for trading the Series 9 Shares and Series 10 Shares on the TSX. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSX. There can be no assurance that the Series 9 Shares and Series 10 Shares will be accepted for listing on the TSX.

### **Market Price**

The market price of the Series 9 Shares and Series 10 Shares may fluctuate due to a variety of factors relative to the Corporation’s business, including announcements of new developments, fluctuations in the Corporation’s operating results, sales of the Series 9 Shares and Series 10 Shares in the marketplace, failure to meet analysts’ expectations, any public announcements made in regard to this Offering, the impact of various tax laws or rates and general market conditions or the worldwide economy. In recent years, stock markets have experienced significant price fluctuations, which have been unrelated to the operating performance of the affected companies. There can be no assurance that the market price of the Series 9 Shares and Series 10 Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Corporation’s performance.

Prevailing yields on similar securities will affect the market value of the Series 9 Shares and Series 10 Shares. Assuming all other factors remain unchanged, the market value of the Series 9 Shares and Series 10 Shares would be expected to decline as prevailing yields for similar securities rise and would be expected to increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Series 9 Shares and Series 10 Shares in an analogous manner.

### **Dividends**

The Corporation’s payment of dividends on the Series 9 Shares and Series 10 Shares will be funded from dividends the Corporation receives as the sole common shareholder of TCPL. Provisions of various trust indentures and credit arrangements to which TCPL is a party restrict TCPL’s ability to declare and pay dividends to the Corporation, and of the Corporation to declare and pay dividends, under certain circumstances and, if such restrictions apply, they may, in turn, have an impact on the Corporation’s ability to declare and pay dividends on the Series 9 Shares and Series 10 Shares.

All of our business activities are conducted by our direct and indirect wholly-owned subsidiaries or affiliates. The Series 9 Shares and Series 10 Shares will be obligations exclusively of TransCanada Corporation. Our subsidiaries will not guarantee the payment of dividends on the Series 9 Shares or Series 10 Shares. The Series 9 Shares and Series 10 Shares will, therefore, be effectively subordinated to all existing and future obligations of our subsidiaries as a result of the Corporation being a holding company.

Investments in the Series 10 Shares, given their floating interest component, entail risks not associated with investments in the Series 9 Shares. The resetting of the applicable rate on a Series 10 Share may result in a lower yield compared to fixed rate Series 9 Shares. The applicable rate on a Series 10 Share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which the Corporation has no control. See “Details of the Offering — Certain Provisions of the Series 10 Shares — Dividends on Series 10 Shares”.

### **Declaration and Payment of Dividends**

Holders of Series 9 Shares and Series 10 Shares do not have a right to dividends on such shares unless declared by the board of directors of the Corporation. The declaration of dividends is in the discretion of the board of directors even if the Corporation has sufficient funds, net of its liabilities, to pay such dividends.

The Corporation may not declare or pay a dividend if there are reasonable grounds for believing that (i) the Corporation is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of the Corporation’s assets would thereby be less than the aggregate of its liabilities and stated capital of its outstanding shares. Liabilities of the Corporation will include those arising in the course of its business, indebtedness, including inter-company debt, and amounts, if any, that are owing by the Corporation under guarantees in respect of which a demand for payment has been made. See “Consolidated Capitalization”.

### **Credit Ratings**

The credit ratings applied to the Series 9 Shares are an assessment, by the Rating Agencies, of the Corporation’s ability to pay its obligations. The credit ratings are based on certain assumptions about the future performance and capital structure of the Corporation that may or may not reflect the actual performance or capital structure of the Corporation. Changes in credit ratings of the Series 9 Shares may affect the market price or value and the liquidity of the Series 9 Shares. There is no assurance that any credit rating assigned to the Series 9 Shares will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. See “Credit Ratings”.

### **Insolvency or Winding-Up**

The Series 9 Shares and Series 10 Shares are equity capital of the Corporation which rank equally with other First Preferred Shares, if any, in the event of an insolvency or winding-up of the Corporation. If the Corporation becomes insolvent or is wound up, the Corporation’s assets must be used to pay liabilities and other debt before payments may be made on the Series 9 Shares, Series 10 Shares and other First Preferred Shares, if any.

### **Automatic Conversion**

An investment in the Series 9 Shares may become an investment in Series 10 Shares without the consent of the holder in the event of an automatic conversion of the Series 9 Shares into Series 10 Shares. Upon such automatic conversion, the dividend rate on the Series 10 Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time while, upon the automatic conversion of the Series 10 Shares into Series 9 Shares, the dividend rate on the Series 9 Shares will be, for each five-year period, a fixed rate that is determined by reference to the Government of Canada Yield on the 30<sup>th</sup> day prior to the first day of each such five-year period. In addition, holders may be prevented from converting their Series 9 Shares into Series 10 Shares in certain circumstances. See “Details of the Offering”.

### **No Fixed Maturity**

Neither the Series 9 Shares nor the Series 10 Shares have a fixed maturity date and are not redeemable at the option of the holders of Series 9 Shares or the Series 10 Shares, as applicable. The ability of a holder to liquidate its holdings of Series 9 Shares and the Series 10 Shares, as applicable, may be limited.

## **Redeemable**

The Corporation may choose to redeem the Series 9 Shares and/or Series 10 Shares from time to time, in accordance with its rights described under “Details of the Offering — Certain Provisions of the Series 9 Shares — Redemption of Series 9 Shares” and “Details of the Offering — Certain Provisions of the Series 10 Shares — Redemption of Series 10 Shares”, including when prevailing interest rates are lower than the yields borne by the Series 9 Shares and Series 10 Shares. If prevailing rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yield on the Series 9 Shares or Series 10 Shares being redeemed. The Corporation’s redemption right may also adversely impact a purchaser’s ability to sell Series 9 and Series 10 Shares.

## **LEGAL MATTERS**

Certain legal matters relating to Canadian law in connection with the Series 9 Shares offered hereby will be passed upon on behalf of the Corporation by Blake, Cassels & Graydon LLP, and on behalf of the Underwriters by Norton Rose Fulbright Canada LLP.

## **INTERESTS OF EXPERTS**

As at the date of this prospectus supplement, the partners and associates of Blake, Cassels & Graydon LLP, as a group, and the partners and associates of Norton Rose Fulbright Canada LLP, as a group, beneficially own, directly or indirectly, less than 1% of any class of securities of the Corporation. In connection with the audit of the Corporation’s annual financial statements for the year ended December 31, 2012, KPMG LLP confirmed that they are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

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

The transfer agent and registrar for the Series 9 Shares and Series 10 Shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta, and Toronto, Ontario.

## **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal advisor.



## **CERTIFICATE OF THE UNDERWRITERS**

Dated: January 13, 2014

To the best of our knowledge, information and belief, the short form prospectus together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada.

**SCOTIA CAPITAL INC.**

**BMO NESBITT BURNS INC.**

**RBC DOMINION SECURITIES INC.**

By: (Signed) "DAVID BABONEAU"

By: (Signed) "AARON M. ENGEN"

By: (Signed) "TREVOR GARDNER"

**CIBC WORLD MARKETS INC.**

**TD SECURITIES INC.**

By: (Signed) "KELSEN VALLEE"

By: (Signed) "HAROLD R. HOLLOWAY"

**NATIONAL BANK FINANCIAL INC.**

By: (Signed) "IAIN WATSON"

**DESJARDINS SECURITIES INC.**

**HSBC SECURITIES (CANADA) INC.**

By: (Signed) "A. THOMAS LITTLE"

By: (Signed) "GREG GANNETT"

**UBS SECURITIES CANADA INC.**

By: (Signed) "JEAN-PIERRE BUYZE"

## Base Shelf Prospectus

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

*This short form prospectus has been filed under legislation in each of the provinces and territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

*Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of TransCanada Corporation at 450 - 1<sup>st</sup> Street S.W. Calgary, Alberta, Canada T2P 5H1 (telephone (403) 920-2000), and are also available electronically at [www.sedar.com](http://www.sedar.com).*

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

### SHORT FORM BASE SHELF PROSPECTUS

New Issue

December 2, 2013



# TransCanada

## TRANSCANADA CORPORATION

### \$2,000,000,000

**Common Shares  
First Preferred Shares  
Second Preferred Shares  
Subscription Receipts**

TransCanada Corporation (“TCC” or the “Corporation”) may from time to time offer common shares (“Common Shares”), first preferred shares (“First Preferred Shares”), second preferred shares (“Second Preferred Shares” and, together with the First Preferred Shares, the “Preferred Shares”) and subscription receipts (“Subscription Receipts”) (collectively, Common Shares, Preferred Shares and Subscription Receipts are referred to herein as the “Securities”) having an aggregate offering price of up to \$2,000,000,000 (or the equivalent in U.S. dollars or other currencies) during the 25 month period that this short form base shelf prospectus, including any amendments hereto, remains valid.

The specific terms of any offering of Securities will be set forth in one or more shelf prospectus supplements (each, a “Prospectus Supplement”) including, where applicable: (i) in the case of Common Shares, the number of shares offered and the offering price (or the manner of determination thereof if offered on a non-fixed price basis); (ii) in the case of Preferred Shares, the designation of the particular series, the number of shares offered, the offering price (or the manner of determination thereof if offered on a non-fixed price basis), any voting rights, any rights to receive dividends, any terms of redemption, any conversion or exchange rights and any other specific terms; and (iii) in the case of Subscription Receipts, the offering price (or the manner of determination thereof if offered on a non-fixed price basis), the procedures for the exchange of the Subscription Receipts for Common Shares or Preferred Shares, as the case may be, and any other specific terms. A Prospectus Supplement may include other terms pertaining to the Securities that are not prohibited by the parameters set forth in this prospectus.

All shelf information permitted under applicable laws to be omitted from this prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this prospectus. Each Prospectus Supplement will be incorporated by reference into this prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

*(continued on next page)*

*(continued from cover)*

The issued and outstanding Common Shares are listed on the Toronto Stock Exchange (“TSX”) and the New York Stock Exchange (“NYSE”) under the symbol “TRP”. The issued and outstanding First Preferred Shares, series 1 (“Series 1 Shares”), the First Preferred Shares, series 3 (“Series 3 Shares”), the First Preferred Shares, series 5 (“Series 5 Shares”) and the First Preferred Shares, Series 7 (“Series 7 Shares”) of TCC are listed for trading on the TSX under the symbols “TRP.Pr.A”, “TRP.Pr.B”, “TRP.Pr.C” and “TRP.Pr.D”, respectively. **There is no market through which the Preferred Shares or Subscription Receipts which may be offered under this prospectus may be sold and purchasers may not be able to resell any Preferred Shares or Subscription Receipts purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors” as well as the “Risk Factors” section of the applicable Prospectus Supplement.**

The Corporation may sell the Securities to or through underwriters purchasing as principals and may also sell the Securities to one or more purchasers directly or through agents. See “Plan of Distribution”. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter or agent, as the case may be, engaged by TCC in connection with the offering and sale of Securities, and will set forth the terms of the offering of such Securities, including the method of distribution of such Securities, the public offering price, the proceeds to TCC, any fees, discounts or other compensation payable to underwriters or agents, and any other material terms of the plan of distribution. Securities may be sold from time to time in one or more transactions at a fixed price or fixed prices, or at non-fixed prices. If offered on a non-fixed price basis, Securities may be offered at market prices prevailing at the time of sale or at prices to be negotiated with purchasers at the time of sale, which prices may vary as between purchasers and during the period of distribution. If Securities are offered on a non-fixed price basis, the underwriters’ compensation will be increased or decreased by the amount by which the aggregate price paid for Securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriters to TCC. **See “Plan of Distribution”.**

In connection with any offering of Securities, the underwriters or agents may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the Securities at a level above that which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time. See “Plan of Distribution”.

TCC’s head and registered office is located at 450 - 1<sup>st</sup> Street S.W., Calgary, Alberta, Canada, T2P 5H1.

**We are permitted, as a Canadian issuer, under the multi-jurisdictional disclosure system adopted by the United States (“U.S.”), to prepare this prospectus in accordance with Canadian disclosure requirements. You should be aware that such requirements are different from those of the U.S.**

**Financial statements incorporated herein for periods beginning on or after January 1, 2012, have been prepared in accordance with U.S. generally accepted accounting principles, which is referred to as “U.S. GAAP”. Comparative figures incorporated herein for periods prior to January 1, 2012, which were previously presented in accordance with generally accepted accounting principles in Canada, have been adjusted as necessary to be compliant with TCC’s accounting policies under U.S. GAAP.**

**You should be aware that the acquisition of the Securities described herein may have tax consequences both in the U.S. and in Canada. Such tax consequences for investors who are residents in, or citizens of, the U.S. may not be described fully herein or in any applicable Prospectus Supplement. You should read the tax discussion in any applicable Prospectus Supplement, however, this prospectus or any applicable Prospectus Supplement may not fully describe these tax consequences.**

**Your ability to enforce civil liabilities under U.S. federal securities laws may be affected adversely by the fact that we are incorporated under the laws of Canada, that some or all of our officers and directors may be residents of Canada, that some or all of the experts named in the registration statement may be residents of Canada and that all or a substantial portion of our assets and said persons are located outside the U.S.**

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

**These Securities have not been approved or disapproved by the United States Securities and Exchange Commission (the “SEC”) or any state securities commission nor has the SEC or any state securities commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offence.**

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## FORWARD-LOOKING INFORMATION

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

- anticipated business prospects;
- our financial and operational performance, including the performance of our subsidiaries;
- expectations or projections about strategies and goals for growth and expansion;
- expected cash flows and future financing options available to us;
- expected costs for planned projects, including projects under construction and in development;
- expected schedules for planned projects (including anticipated construction and completion dates);
- expected regulatory processes and outcomes;
- expected impact of regulatory outcomes;
- expected outcomes with respect to legal proceedings, including arbitration;
- expected capital expenditures and contractual obligations;
- expected operating and financial results;
- the expected impact of future commitments and contingent liabilities; and
- expected industry, market and economic conditions.

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

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

- inflation rates, commodity prices and capacity prices;
- timing of financings and hedging;
- regulatory decisions and outcomes;
- foreign exchange rates;
- interest rates;
- tax rates;
- planned and unplanned outages and the use of our pipeline and energy assets;
- integrity and reliability of our assets;

- access to capital markets;
- anticipated construction costs, schedules and completion dates; and
- acquisitions and divestitures.

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

- our ability to successfully implement our strategic initiatives;
- whether our strategic initiatives will yield the expected benefits;
- the operating performance of our pipeline and energy assets;
- amount of capacity sold and rates achieved in our pipeline businesses;
- the availability and price of energy commodities;
- the amount of capacity payments and revenues we receive from our energy business;
- regulatory decisions and outcomes;
- outcomes of legal proceedings, including arbitration;
- performance of our counterparties;
- changes in the political environment;
- changes in environmental and other laws and regulations;
- competitive factors in the pipeline and energy sectors;
- construction and completion of capital projects;
- labour, equipment and material costs;
- access to capital markets;
- interest and foreign exchange rates;
- weather;
- cybersecurity;
- technological developments; and
- economic conditions in North America as well as globally.

Additional information on these and other factors is discussed in this prospectus and the documents incorporated by reference herein including in the 2012 MD&A (as defined herein) under the headings “Natural Gas Pipelines — Business Risks”, “Oil Pipelines — Business Risks”, “Energy — Business Risks” and “Other Information — Risks and Risk Management”, as may be modified or superseded by documents incorporated or deemed to be incorporated by reference in this prospectus.

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

## DOCUMENTS INCORPORATED BY REFERENCE

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

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

- (a) audited comparative consolidated financial statements as at December 31, 2012 and 2011 and for each of the years in the three-year period ended December 31, 2012, the notes thereto, and the auditors' report thereon;
- (b) management's discussion and analysis of financial condition and results of operations as at and for the year ended December 31, 2012 (the "2012 MD&A");
- (c) annual information form for the year ended December 31, 2012 dated February 11, 2013 (the "Annual Information Form");
- (d) management proxy circular dated February 11, 2013 for the 2013 annual meeting of shareholders held April 26, 2013;
- (e) unaudited interim comparative consolidated financial statements as at September 30, 2013 and for the three and nine-month periods ended September 30, 2013 and 2012, and the notes thereto; and
- (f) management's discussion and analysis of financial condition and results of operations as at and for the three and nine-month periods ended September 30, 2013.

Any documents of the type referred to above, including all annual information forms, all information circulars, all annual and interim financial statements and management's discussion and analysis relating thereto, all material change reports (excluding confidential material change reports), press releases containing financial information for financial periods more recent than the most recent annual or interim financial statements, and any business acquisition reports, as well as all Prospectus Supplements disclosing additional or updated information subsequently filed by us with securities regulatory authorities in Canada after the date of this prospectus and prior to the date on which this prospectus ceases to be effective shall be deemed to be incorporated by reference into this prospectus. These documents will be available through the internet on the System for Electronic Document Analysis and Retrieval ("SEDAR"), which can be accessed at [www.sedar.com](http://www.sedar.com). In addition, any similar documents filed by us with the SEC in our periodic reports on Form 6-K or annual reports on Form 40-F, and any other documents filed with or furnished to the SEC pursuant to Section 13(a), 13(c) or 15(d) of the *Exchange Act*, in each case after the date of this prospectus, shall be deemed to be incorporated by reference into the registration statement of which this prospectus forms a part, if and to the extent expressly provided in such reports. Our periodic reports on Form 6-K and our annual reports on Form 40-F are available on the SEC's Electronic Data Gathering and Retrieval ("EDGAR") system web site at [www.sec.gov](http://www.sec.gov).

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

**Upon a new annual information form and related annual audited comparative consolidated financial statements and accompanying management's discussion and analysis being filed by us with the applicable securities regulatory authorities during the term of this prospectus, the previous annual information form, the**

**previous annual audited comparative consolidated financial statements and accompanying management's discussion and analysis, all interim comparative consolidated financial statements and accompanying management's discussion and analysis, all material change reports and all business acquisition reports filed by us prior to the commencement of the financial year of the Corporation in which the new annual information form and the related annual audited comparative consolidated financial statements and accompanying management's discussion and analysis are filed shall be deemed no longer to be incorporated by reference into this prospectus for purposes of future offers and sales of Securities hereunder. Upon interim comparative consolidated financial statements and the accompanying management's discussion and analysis being filed by us with the applicable securities regulatory authorities during the term of this prospectus, all interim comparative consolidated financial statements and accompanying management's discussion and analysis filed prior to the filing of the new interim comparative consolidated financial statements shall be deemed no longer to be incorporated by reference into this prospectus for purposes of future offers and sales of Securities hereunder.**

Any "template version" of any "marketing materials" (as such terms are defined under applicable Canadian securities laws) pertaining to a distribution of Securities will be filed on SEDAR. In the event that such "marketing materials" are filed subsequent to the date of the filing of the applicable Prospectus Supplement(s) pertaining to the distribution of the Securities that such "marketing materials" relate to and prior to the termination of such distribution, such filed versions of the "marketing materials" will be deemed to be incorporated by reference into the applicable Prospectus Supplement(s) for the purposes of the distribution of the Securities to which the Prospectus Supplement(s) pertain.

We will provide without charge to each person to whom this prospectus is delivered, including any beneficial owner, upon written or oral request of such person, a copy of any or all of the documents incorporated herein by reference (other than exhibits to such documents, unless such exhibits are specifically incorporated by reference in such documents). Requests should be directed to TransCanada Corporation, 450 - 1st Street S.W., Calgary, Alberta, Canada, T2P 5H1, Attention: Corporate Secretary, telephone number (403) 920-2000.

**You should rely only on the information contained in or incorporated by reference in this prospectus or any applicable Prospectus Supplement and on the other information included in the registration statement of which this prospectus forms a part. We have not authorized anyone to provide you with different or additional information. We are not making an offer of these Securities in any jurisdiction where the offer is not permitted by law. You should not assume that the information contained in or incorporated by reference in this prospectus or any applicable Prospectus Supplement is accurate as of any date other than the date on the front of the applicable Prospectus Supplement.**

## **ABOUT THIS PROSPECTUS**

In this prospectus and in any Prospectus Supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. References to "dollars" or "\$" are to lawful currency of Canada, and references to "U.S. dollars" or "U.S.\$" are to lawful currency of the U.S.

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

One or more Prospectus Supplements containing the specific variable terms of an offering of Securities will be delivered to purchasers of such Securities together with this prospectus and will be deemed to be incorporated by reference into this prospectus as of the date of such Prospectus Supplement solely for the purposes of the offering of the Securities offered thereunder.

Except on the cover page and under "Description of the Securities Being Distributed", and unless the context otherwise requires, all references in this prospectus and any Prospectus Supplement to "we", "us", "our", "TCC" or the "Corporation" mean TransCanada Corporation and its subsidiaries, partnership interests and joint venture investments.



## WHERE TO FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form F-10 relating to the Securities. This prospectus, which constitutes a part of the registration statement, does not contain all of the information contained in the registration statement, certain items of which are contained in the exhibits to the registration statement as permitted by the rules and regulations of the SEC. Statements included or incorporated by reference in this prospectus about the contents of any contract, agreement or other documents referred to are not necessarily complete, and in each instance, you should refer to the exhibits for a complete description of the matter involved. Each time we sell Securities under the registration statement, we will provide a Prospectus Supplement that will contain specific information about the terms of that offering. The Prospectus Supplement may also add, update or change information contained in this prospectus.

We file annual and quarterly financial information and material change reports, business acquisition reports and other material with the securities commission or similar regulatory authority in each of the provinces and territories of Canada and with the SEC. Under the multi-jurisdictional disclosure system adopted by the U.S., documents and other information that we file with the SEC may be prepared in accordance with the disclosure requirements of Canada, which are different from those of the U.S. You may read and download any public document that TCC has filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada on SEDAR at [www.sedar.com](http://www.sedar.com). You may read and copy any document TCC has filed with the SEC at the SEC's public reference room in Washington D.C. and may also obtain copies of those documents from the public reference room of the SEC at 100 F Street, N.E., Washington, D.C. 20549 by paying a fee. Additionally, you may read and download some of the documents that we have filed on EDGAR at [www.sec.gov](http://www.sec.gov). Reports and other information about us may also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

## THE CORPORATION

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

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

Our principal subsidiaries as of December 31, 2012 are indicated in the diagram under the heading "TransCanada Corporation — Intercorporate Relationships" in the Annual Information Form.

## CONSOLIDATED CAPITALIZATION

Other than the issuance by TransCanada PipeLines Limited ("TCPL"), a wholly-owned subsidiary of the Corporation, of U.S. \$625 million principal amount of 3.750% senior notes due 2023 and U.S. \$625 million principal amount of 5.000% senior notes due 2043, on October 7, 2013 (the "October 2013 Notes") there have been no material changes in the share and loan capital of the Corporation, on a consolidated basis, since September 30, 2013. TCPL redeemed all of its four million outstanding 5.60% cumulative redeemable first preferred shares series U ("Series U Shares") with a total face value of \$200 million on October 15, 2013 (the "October 2013 Redemption").

## USE OF PROCEEDS

Unless otherwise indicated in a Prospectus Supplement relating to a particular offering of Securities, we intend to use the net proceeds from the sale of Securities to reduce or repay indebtedness and/or to, directly or indirectly, finance our long-term investment program. Specific information about the use of net proceeds will be set forth in the applicable Prospectus Supplement. We may invest funds which we do not immediately require in short-term marketable investment grade securities. We may, from time to time, issue securities (including debt securities) other than pursuant to this prospectus.

## EARNINGS COVERAGE

The following financial ratios have been calculated on a consolidated basis for the respective 12-month periods ended December 31, 2012 and September 30, 2013 and are based on audited financial information in the case of the 12-month period ended December 31, 2012 and unaudited financial information in the case of the 12-month period ended September 30, 2013. The following financial ratios give pro forma effect to: (i) the October 2013 Redemption; and (ii) to the issuance of the October 2013 Notes. The financial ratios for the 12-month period ended December 31, 2012 also give pro forma effect to the issuance of the Series 7 Shares on March 4, 2013 and the issuance by TCPL of: (i) \$300 million principal amount of 4.55% medium term notes due 2041 and \$450 million principal amount of 3.69% medium term notes due 2023 on July 19, 2013 (collectively, the “July 2013 MTNs”); (ii) U.S. \$500 million principal amount of floating rate senior notes due 2016 (the “Floating Rate Notes”) on July 3, 2013 (assuming a constant rate of interest for the notes for the applicable periods based on the rate of interest applicable to such notes on the date hereof); and (iii) U.S. \$750 million principal amount of 0.750% senior notes on January 15, 2013 (the “January 2013 Notes”). The following ratios do not give effect to the issue of any Securities pursuant to this prospectus. Adjustments for normal course issuances and repayments of long-term debt subsequent to September 30, 2013 and December 31, 2012, as applicable, would not materially affect the ratios and, as a result, have not been made.

	December 31, 2012	September 30, 2013
Earnings coverage on long-term debt and current liabilities . . . . .	2.1 times	2.4 times
Earnings coverage on long-term debt, current liabilities and first preferred shares	1.9 times <sup>(1)</sup>	2.2 times <sup>(1)</sup>

(1) Gives effect to the dividends declared on the Corporation’s outstanding Series 1 Shares, Series 3 Shares, Series 5 Shares and Series 7 Shares and TCPL’s outstanding first preferred shares (series Y), in the aggregate amount of \$119.6 million for the twelve-months ended December 31, 2012 and in the aggregate amount of \$114.8 million for the twelve-months ended September 30, 2013. All of TCPL’s Series U Shares were redeemed on October 15, 2013.

The Corporation’s dividend requirements on all of its issued and outstanding Preferred Shares and TCPL’s outstanding first preferred shares (series Y) for: (i) the 12-month period ended December 31, 2012 after giving pro forma effect to the October 2013 Redemption and the issuance of the Series 7 Shares and adjusted to a before-tax equivalent using an effective income tax rate of 25.6%, amounted to approximately \$119.6 million; and (ii) for the 12-month period ended September 30, 2013 after giving pro forma effect to the October 2013 Redemption and adjusted to a before-tax equivalent using an effective income tax rate of 23.6% amounted to approximately \$114.8 million. The Corporation’s interest requirements for: (i) the 12-months ended December 31, 2012 after giving pro forma effect to the issuances of the October 2013 Notes, the July 2013 MTNs, the Floating Rate Notes (assuming a constant rate of interest for the Floating Rate Notes for the applicable periods based on the rate of interest applicable to such Floating Rate Notes on the date hereof) and the January 2013 Notes amounted to approximately \$1.327 billion; and (ii) for the 12-months ended September 30, 2013 after giving pro forma effect to the issuances the October 2013 Notes amounted to approximately \$1.311 billion. The Corporation’s earnings before interest expense and income tax for the 12-month period ended December 31, 2012 were approximately \$2.802 billion, which is 1.9 times the Corporation’s aggregate pro forma dividend and interest requirements for this period. The Corporation’s earnings before interest expense and income tax for the 12-month period ended September 30, 2013 were approximately \$3.204 billion, which is 2.2 times the Corporation’s aggregate pro forma dividend and interest requirements for this period.

## DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED

We are authorized to issue an unlimited number of Common Shares, of which approximately 707 million were issued and outstanding as of November 29, 2013; an unlimited number of First Preferred Shares, issuable in series, of which 22 million Series 1 Shares, 14 million Series 3 Shares, 14 million Series 5 Shares and 24 million Series 7 Shares were outstanding as of November 29, 2013; and an unlimited number of Second Preferred Shares, issuable in series, of which none were outstanding as of November 29, 2013. No Subscription Receipts were issued and outstanding as of November 29, 2013.

The following description of each of the Common Shares, First Preferred Shares, Second Preferred Shares and Subscription Receipts is a summary of certain of their material attributes and characteristics which does not purport to be complete. The terms and conditions set forth in this section will apply, as applicable, to each Common Share, First Preferred Share, Second Preferred Share and Subscription Receipt unless otherwise specified in the applicable Prospectus Supplement.

### ***Common Shares***

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

The Corporation has a shareholders' rights plan (the "Rights Plan") that is designed to encourage the fair treatment of shareholders in connection with any takeover bid for the Corporation. Rights issued under the Rights Plan become exercisable when a person (subject to certain exceptions), and any related parties, acquires or announces the intention to acquire 20% or more of the Corporation's outstanding Common Shares without complying with certain provisions set out in the Rights Plan or without approval of the board of directors of the Corporation. Should such an acquisition occur, each rights holder, other than the acquiring person and related parties, will have the right to purchase Common Shares essentially at a 50% discount to the market price at that time. For further particulars, reference should be made to the Rights Plan, a copy of which may be obtained on request without charge from the Corporate Secretary of TCC, 450 - 1st Street S.W., Calgary, Alberta, Canada, T2P 5H1 (telephone (403) 920-2000).

### ***First Preferred Shares***

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

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

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

Subject to the provisions of the *Canada Business Corporations Act* and any provisions relating to any particular series, TCC, upon giving proper notice, may redeem out of capital or otherwise at any time, or from time to time, the whole or any part of the then outstanding First Preferred Shares of any one or more series on payment for each such First Preferred Share of such price or prices as may be applicable to such series. Subject to the foregoing, in case a part only of the then outstanding First Preferred Shares of any particular series is at any time redeemed, the shares to be redeemed will be selected by lot in such manner as the directors or the

transfer agent for the First Preferred Shares, if any, decide, or if the directors so determine, may be redeemed pro rata disregarding fractions.

The provisions attaching to the First Preferred Shares as a class may be modified, amended or varied only with the approval of the holders of the First Preferred Shares as a class. Any such approval to be given by the holders of the First Preferred Shares may be given by the affirmative vote of the holders of not less than 66⅔ per cent of the First Preferred Shares represented and voted at a meeting or adjourned meeting of such holders.

### *Second Preferred Shares*

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

### *Subscription Receipts*

The Subscription Receipts may be offered separately or together with the Common Shares, First Preferred Shares or Second Preferred Shares, as the case may be. The Subscription Receipts will be issued under a subscription receipt agreement that will be entered into by the Corporation at the time of issuance of the Subscription Receipts.

The applicable Prospectus Supplement will include details of the subscription receipt agreement covering the Subscription Receipts being offered. The specific terms of the Subscription Receipts, and the extent to which the general terms described in this section apply to those Subscription Receipts, will be set forth in the applicable Prospectus Supplement. A copy of the subscription receipt agreement will be filed by the Corporation with securities regulatory authorities in Canada after it has been entered into by the Corporation.

The particular terms of each issue of Subscription Receipts that will be described in the related Prospectus Supplement will include, where applicable:

- the number of Subscription Receipts;
- the price at which the Subscription Receipts will be offered;
- the procedures for the exchange of the Subscription Receipts into Common Shares, First Preferred Shares or Second Preferred Shares, as the case may be;
- the number of Common Shares, First Preferred Shares or Second Preferred Shares, as the case may be, that may be exchanged upon exercise of each Subscription Receipt;
- the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- terms relating to the holding and release or return of the gross proceeds from the sale of the Subscription Receipts plus any interest earned thereon;
- material income tax consequences of owning the Subscription Receipts; and
- any other material terms and conditions of the Subscription Receipts.

Pursuant to the Subscription Receipt agreement, original purchasers of Subscription Receipts will have a contractual right of rescission against the Corporation, following the issuance of the underlying Common Shares or other securities to such purchasers, upon the surrender or deemed surrender of the Subscription Receipts, to receive the amount paid for the Subscription Receipts in the event that the applicable Prospectus Supplement and any amendment thereto contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days from the closing date of the offering of Subscription Receipts.

## PLAN OF DISTRIBUTION

We may sell the Securities: (i) through underwriters purchasing as principals; (ii) directly to one or more purchasers in accordance with applicable securities laws; or (iii) through agents. Securities may be sold from time to time in one or more transactions at a fixed price or fixed prices, or at non-fixed prices. If offered on a non-fixed price basis, Securities may be offered at market prices prevailing at the time of sale or at prices to be negotiated with purchasers at the time of sale, which prices may vary as between purchasers and during the period of distribution. If Securities are offered on a non-fixed price basis, the underwriters' compensation will be increased or decreased by the amount by which the aggregate price paid for Securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriters to us.

The Prospectus Supplement relating to each offering of Securities will identify each underwriter or agent, as the case may be, and will also set forth the terms of that offering, including the type of Security being offered, the purchase price of such Security, the proceeds to the Corporation, any underwriters' or agents' fees, commissions or other items constituting underwriters' or agents' compensation, the public offering price, and any concessions or discounts allowed or re-allowed or paid by any underwriters to others. Only underwriters or agents so named in the Prospectus Supplement are deemed to be underwriters or agents, as the case may be, in connection with the Securities offered thereby.

If underwriters purchase Securities as principal, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase those Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all the Securities offered by the prospectus supplement if any of such Securities are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid may be changed from time to time.

The Securities may also be sold directly by us in accordance with applicable securities laws at prices and upon terms agreed to by the purchaser and us or through agents designated by us from time to time. Any agent involved in the offering and sale of the Securities pursuant to a particular Prospectus Supplement will be named, and any commissions payable us to that agent will be set forth, in such Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any agent would be acting on a best efforts basis for the period of its appointment.

In connection with the sale of the Securities, underwriters may receive compensation from us in the form of commissions, concessions or discounts. Any such commissions may be paid out of our general funds or the proceeds of the sale of the Securities. Under agreements which may be entered into by us, underwriters and agents who participate in the distribution of Securities may be entitled to indemnification by us against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters or agents may be required to make in respect thereof. Those underwriters and agents may be customers of, engage in transactions with or perform services for us in the ordinary course of business.

Any offering of Preferred Shares or Subscription Receipts will be a new issue of Securities with no established trading market. Unless otherwise specified in the applicable Prospectus Supplement, the Preferred Shares or Subscription Receipts will not be listed on any stock exchange. Certain dealers may make a market in such Securities, but will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that any dealer will make a market in such Securities or as to the liquidity of the trading market, if any, for such Securities.

The applicable Prospectus Supplement will set forth the intention of any underwriters or agents who participate in the distribution of the Securities to over-allot or effect transactions which stabilize, maintain, or otherwise affect the Security's price at a higher level than that which might exist in the open market. Such transactions may be commenced, interrupted or discontinued at any time without notice.

## PRIOR SALES

We have not sold or issued any Common Shares, Preferred Shares, Subscription Receipts or securities convertible into Common Shares, Preferred Shares or Subscription Receipts during the twelve month period prior to the date hereof other than: (i) an aggregate of 2,022,757 Common Shares that were issued during this period upon the exercise of options (“Options”) granted pursuant to our Stock Option Plan at a weighted average exercise price of \$35.77 per Option; (ii) 1,939,199 Options that were granted during this period to acquire an aggregate of 1,939,199 Common Shares at an average exercise price of \$47.09 per Option; and (iii) 24 million Series 7 Shares which were issued by the Corporation on March 4, 2013 at a price of \$25.00 per share.

## TRADING PRICE AND VOLUME

The Common Shares are listed for trading on the TSX and the NYSE under the symbol “TRP” and the Series 1 Shares, the Series 3 Shares, the Series 5 Shares and the Series 7 Shares are listed for trading on the TSX under the symbols “TRP.Pr.A”, “TRP.Pr.B”, “TRP.Pr.C”, and “TRP.Pr.D”, respectively. The following table sets forth the reported monthly high, low and closing trading prices and monthly trading volumes of the Common Shares, Series 1 Shares, Series 3 Shares, Series 5 Shares and Series 7 Shares on the TSX for the period from October 1, 2012 to November 29, 2013.

	Common Shares			
	Share Price Trading Range			Volume
	High	Low	Close	
	(\$ per share)			
<b>2012</b>				
October . . . . .	45.45	43.16	44.97	23,049,914
November . . . . .	45.98	43.64	45.98	20,383,391
December . . . . .	47.44	45.30	47.02	22,542,514
<b>2013</b>				
January . . . . .	49.44	46.82	47.21	26,082,774
February . . . . .	48.87	46.80	48.04	25,462,009
March . . . . .	50.08	47.40	48.50	25,389,845
April . . . . .	50.26	47.65	49.94	26,052,153
May . . . . .	51.21	47.07	47.56	26,146,463
June . . . . .	47.97	44.62	45.28	33,556,916
July . . . . .	47.79	45.10	46.93	23,656,071
August . . . . .	48.48	44.75	45.91	20,421,616
September . . . . .	46.51	44.89	45.25	20,209,858
October . . . . .	47.24	43.94	46.99	21,425,727
November 1-29 . . . . .	48.48	46.61	46.85	25,387,359

	Series 1 Shares				Series 3 Shares				Series 5 Shares				Series 7 Shares <sup>(1)</sup>			
	Share Price Trading Range				Share Price Trading Range				Share Price Trading Range				Share Price Trading Range			
	High	Low	Close	Volume	High	Low	Close	Volume	High	Low	Close	Volume	High	Low	Close	Volume
	(\$ per share)				(\$ per share)				(\$ per share)				(\$ per share)			
<b>2012</b>																
October . . . . .	25.85	25.41	25.50	214,250	25.10	24.82	24.96	432,217	25.64	25.30	25.43	217,288	—	—	—	—
November . . . . .	25.70	25.21	25.33	345,144	24.97	24.15	24.23	309,882	25.80	25.36	25.59	172,451	—	—	—	—
December . . . . .	25.75	25.25	25.69	251,155	24.47	24.14	24.43	321,065	26.07	25.61	25.95	156,765	—	—	—	—
<b>2013</b>																
January . . . . .	26.00	25.50	25.75	442,484	25.00	24.39	24.80	555,279	25.95	25.30	25.70	282,832	—	—	—	—
February . . . . .	26.00	25.33	25.49	413,651	24.90	24.34	24.56	621,184	25.87	25.44	25.62	285,166	—	—	—	—
March . . . . .	25.75	25.35	25.66	405,750	25.04	24.32	24.93	508,121	26.08	25.41	25.59	321,154	26.15	25.25	26.00	3,292,039
April . . . . .	25.79	25.22	25.45	514,560	24.90	24.37	24.65	571,040	25.79	25.40	25.50	292,516	26.15	25.82	26.00	1,990,847
May . . . . .	25.59	25.16	25.19	677,235	24.97	24.55	24.76	448,999	25.75	25.39	25.60	235,352	26.10	25.70	25.75	640,573
June . . . . .	25.29	23.12	24.76	330,543	24.90	22.60	23.19	263,285	25.65	24.25	24.75	177,521	25.87	24.72	25.16	912,786
July . . . . .	25.24	24.41	24.43	289,147	23.94	22.81	22.86	349,059	24.75	23.00	23.30	329,537	25.61	24.95	25.18	639,196
August . . . . .	25.24	24.41	24.43	289,147	22.96	20.27	21.72	312,075	23.73	21.25	23.10	270,842	25.12	23.80	24.87	478,375
September . . . . .	25.14	24.19	24.65	379,661	22.09	19.91	20.14	922,863	23.97	22.50	23.34	450,168	25.05	23.85	24.84	383,697
October . . . . .	24.67	23.26	24.11	287,790	20.64	19.94	20.03	290,469	23.74	22.00	22.75	251,607	25.12	24.50	25.05	765,889
November 1-29 . . . . .	24.80	23.58	24.55	278,223	21.16	19.98	20.68	517,633	23.19	22.26	23.09	773,571	25.48	24.50	25.45	539,177

(1) The Series 7 Shares began trading on March 4, 2013.

### ENFORCEABILITY OF CIVIL LIABILITIES

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

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

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

### CERTAIN INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement will describe certain material Canadian federal income tax consequences to an investor who is a resident of Canada or who is a non-resident of Canada of the acquisition, ownership and disposition of any Securities offered thereunder, including whether the payment of dividends will be subject to Canadian non-resident withholding tax.

The applicable Prospectus Supplement will also describe certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of any Securities offered thereunder by an initial investor who is a U.S. person (within the meaning of the United States Internal Revenue Code).

## **RISK FACTORS**

Investment in the Securities is subject to various risks including those risks inherent in the pipeline, energy and gas storage industries. You should consider carefully the risk factors contained in and incorporated by reference in this prospectus (including subsequently filed documents incorporated by reference) and those described in a Prospectus Supplement relating to a specific offering of Securities.

Discussions of certain risks affecting us in connection with our business are provided in our annual and interim disclosure documents filed with the various securities regulatory authorities which are incorporated by reference in this prospectus.

## **LEGAL MATTERS**

Certain matters relating to the issue and sale of the Securities will be passed upon on behalf of the Corporation by Blake, Cassels & Graydon LLP, as to matters of Canadian law, and Mayer Brown LLP, as to matters of U.S. law. As to matters of Canadian law, Mayer Brown LLP will rely upon the opinion of Blake, Cassels & Graydon LLP.

## **EXPERTS**

The consolidated financial statements of the Corporation as at December 31, 2012 and 2011 and for each of the years in the three-year period ended December 31, 2012, have been incorporated by reference herein and in the registration statement in reliance upon the report of KPMG LLP, Chartered Accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

## **INTEREST OF EXPERTS**

As at the date of this prospectus, the partners and associates of Blake, Cassels & Graydon LLP, as a group, and the partners and associates of Mayer Brown LLP, as a group, beneficially own, directly or indirectly, less than 1% of any class of securities of the Corporation. In connection with the audit of the Corporation's annual financial statements for the year ended December 31, 2012, KPMG LLP confirmed that they are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta and within the meaning of the *Securities Act* and the applicable rules and regulations thereunder adopted by the SEC and the Public Company Accounting Oversight Board (United States).

## **DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT**

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



## **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus, the accompanying prospectus supplement relating to securities purchased by a purchaser and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. In an offering of convertible, exchangeable or exercisable securities, you are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus or any prospectus supplement is limited, in certain provincial and territorial securities legislation, to the price at which convertible, exchangeable or exercisable securities are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon the conversion, exchange or exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

**CERTIFICATE OF TRANSCANADA CORPORATION**

Dated: December 2, 2013

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces and territories of Canada.

(Signed) RUSSELL K. GIRLING  
President and  
Chief Executive Officer

(Signed) DONALD R. MARCHAND  
Executive Vice-President and  
Chief Financial Officer

On Behalf of the Board of Directors

(Signed) S. BARRY JACKSON  
Director

(Signed) KEVIN E. BENSON  
Director