

**TERMS OF REFERENCE FOR THE CHAIR OF THE  
BOARD OF DIRECTORS OF TRANSCANADA (the "Company")**

**I. INTRODUCTION**

- A.** The Chair, as an independent member of the Board of Directors and subject to the Chair's annual election by the Shareholders, is appointed for a renewable term of four years, which can be extended for such further period as may be deemed appropriate by the Board in its discretion.
- B.** The Chair's primary role includes ensuring that the Board is organized properly, functions effectively and meets its obligations and responsibilities.
- C.** The Chair with the assistance of the Chief Executive Officer (the "CEO"), coordinates the affairs of the Board, and together with the CEO ensures effective relations with Board members, shareholders, other stakeholders and the public.
- D.** The Chair maintains unfettered two-way communication with the Director, Internal Audit and the Corporate Secretary. The Chair's interaction with all senior officers is required, although not expected to be frequent.

**II. DUTIES AND RESPONSIBILITIES**

**A. Working with Management**

The Chair has the responsibility to:

- i) act as the principal sounding board, counselor and confidant for the CEO, including helping to review strategies, define issues, maintain accountability, and build relationships;
- ii) at the request of the CEO, provide advice to the CEO on major policy issues;
- iii) in co-operation with the CEO, assist in representing the Company in a general industry and community context;
- iv) ensure the CEO is aware of concerns of the Board, shareholders, other stakeholders and the public;
- v) lead the Board in monitoring and evaluating the performance of the CEO, ensure the accountability of the CEO, and ensure

implementation of the management succession and development plans by the CEO;

- vi) assess, in conjunction with the Human Resources Committee and the Board, the performance of the CEO and other senior officers, and provide input with respect to compensation and succession;
- vii) liaise closely with the CEO to ensure management strategies, plans and performance are appropriately represented to the Board; and
- viii) at the request of the CEO, provide assistance on major policy issues such as acquisitions, divestitures, and new strategic initiatives, and also assist in representing the Company at senior levels of industry or government to promote specific corporate objectives.

## **B. Managing the Board**

The Chair has the responsibility to:

- i) ensure the Board is aware of its obligations to the Company, shareholders, management, other stakeholders and to carry out such obligations pursuant to applicable law;
- ii) chair Board meetings;
- iii) establish in conjunction with the governance committee the frequency of Board meetings and review such frequency from time to time, as considered appropriate or as requested by the Board;
- iv) assist the Governance Committee in drawing up a slate of directors to be nominated for election to the Board;
- v) recommend the committees of the Board and their composition, review the need for, and the performance and suitability of, those committees and make such adjustments as are deemed necessary from time to time, all in conjunction with the CEO and the Governance Committee;
- vi) ensure the co-ordination of the agenda, information packages and related events for Board meetings in conjunction with the CEO and the Corporate Secretary;
- vii) ensure the Board receives adequate and regular updates from the CEO on all issues important to the welfare and future of the Company;

- viii) maintain a liaison and communication with all directors and Committee Chairs to co-ordinate input from directors, and optimize the effectiveness of the Board and its committees;
- ix) in collaboration with the CEO, ensure information requested by directors or committees of the Board is provided on a timely basis; and
- x) in conjunction with the governance committee, review and assess director attendance, performance and compensation as well as the size and composition of the Board.

**C. Relations with Shareholders, Other Stakeholders and the Public**

The Chair has the responsibility to:

- i) chair meetings of shareholders;
- ii) ensure, in conjunction with the CEO and relevant committees, the Company's management and, where applicable, the Board are appropriately represented at official functions and meetings with major shareholder groups, and other stakeholder groups; and
- iii) undertake public service activities, as requested by the CEO and relevant committees, in connection with the Company's charitable, educational and cultural activities and objectives.