



Fourth Quarter 2014 Conference Call

February 13, 2015

Forward Looking Information and Non-GAAP Measures



This presentation includes certain forward looking information to help current and potential investors understand management's assessment of our future plans and financial outlook, and our future prospects overall. Statements that are forward-looking are based on certain assumptions and on what we know and expect today and generally include words like anticipate, expect, believe, may, will, should, estimate or other similar words. Forward-looking statements do not guarantee future performance. Actual events and results could be significantly different because of assumptions, risks or uncertainties related to our business or events that happen after the date of this presentation. Our forward-looking information is based on the following key assumptions: 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, acquisitions and divestitures.

Our forward looking information is subject to risks and uncertainties, including but not limited to: our ability to successfully implement our strategic initiatives and whether they will yield the expected benefits, the operating performance of our pipeline and energy assets, economic and competitive conditions in North America and globally, the availability and price of energy commodities and changes in market commodity prices, the amount of capacity sold and rates achieved in our pipeline businesses, the amount of capacity payments and revenues we receive from our energy business, regulatory decisions and outcomes, outcomes of legal proceedings, including arbitration and insurance claims, performance of our counterparties, changes in the political environment, changes in environmental and other laws and regulations, construction and completion of capital projects, labour, equipment and material costs, access to capital markets, interest and foreign exchange rates, weather, cyber security and technological developments. You can read more about these risks and others in our most recent Quarterly Report to Shareholders and 2013 Annual Report filed with Canadian securities regulators and the U.S. Securities and Exchange Commission (SEC) and available at www.transcanada.com.

As actual results could vary significantly from the forward-looking information, you should not put undue reliance on forward-looking information and should not use future-oriented information or financial outlooks for anything other than their intended purpose. We do not update our forward-looking statements due to new information or future events, unless we are required to by law.

This presentation contains reference to certain financial measures (non-GAAP measures) that do not have any standardized meaning as prescribed by U.S. generally accepted accounting principles (GAAP) and therefore may not be comparable to similar measures presented by other entities. These non-GAAP measures may include Comparable Earnings, Comparable Earnings per Share, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Comparable EBITDA, Earnings Before Interest and Taxes (EBIT), Comparable EBIT, Comparable Interest Expense, Comparable Interest Income and Other, Comparable Income Taxes and Funds Generated from Operations. Reconciliations to the most closely related GAAP measures are included in our most recent Quarterly Report to Shareholders filed with Canadian securities regulators and the SEC and available at www.transcanada.com.



Recent Developments

Russ Girling, President & CEO



2014 Highlights



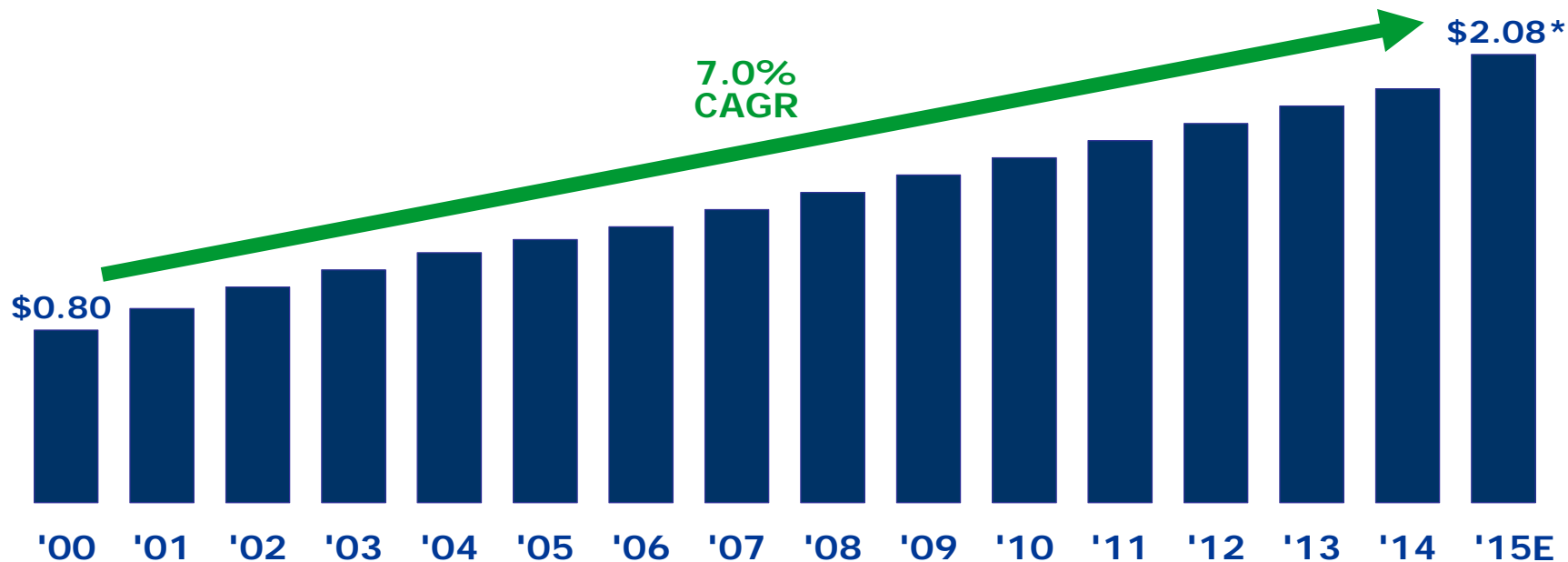
- Many accomplishments in 2014
- Resolved a number of issues and successfully advanced several pipeline and power generation projects, captured more high-quality growth opportunities across North America
- Comparable earnings increased eight per cent, funds generated from operations up seven per cent
- Net income attributable to common shares \$1.7 billion or \$2.46 per share, Comparable earnings \$1.7 billion or \$2.42 per share, Funds generated from operations \$4.3 billion
- Strong financial performance, solid new growth opportunities and industry-leading safety performance demonstrate our strategy is working

2014 Highlights



- Continued to focus on maximizing the value of our \$59 billion asset base
- Successfully repositioned our Canadian Mainline and ANR systems that had been under market pressures
- \$3.8 billion of new assets began operations: Keystone Gulf Coast Extension, \$300 million in NGTL expansions, US\$600 million Tamazunchale extension and another four Ontario solar generation facilities

Dividends Per Share



** Annualized based on first quarter declaration*

Advancing Our \$46 Billion Capital Program



Small to Medium-sized Projects

Project	Expected In-Service Date*	Estimated Capital Cost*	Amount Spent
Houston Lateral and Terminal	2015	US0.6	US0.4
Topolobampo & Mazatlan	2016	US1.4	US0.9
Grand Rapids	2016-2017	1.5	0.2
Heartland and TC Terminals	2017	0.9	0.1
Northern Courier	2017	0.9	0.2
Cdn. Mainline – Other	2015-2016	0.5	--
NGTL System			
- North Montney	2016-2017	1.7	0.1
- 2016/17 Facilities	2016-2017	2.7	--
- Other	2015-2016	0.4	0.1
Napanee	2017 or 2018	1.0	0.1
Total		11.6	2.1

Large-scale Projects

Project	Expected In-Service Date*	Estimated Capital Cost*	Amount Spent
Upland	2018	0.6	--
Keystone XL	**	US8.0	US2.4
Keystone Hardisty Terminal	**	0.3	0.1
Energy East	2018	12.0	0.5
Eastern Mainline	2017	1.5	--
Coastal GasLink	2019+	4.8	0.2
Prince Rupert Gas Transmission	2019+	5.0	0.3
NGTL System - Merrick	2020	1.9	--
Total		34.1	3.5

* TransCanada share in billions of dollars. Certain projects are subject to various conditions including corporate and regulatory approvals.

** Expected to be in service approximately two years from date Presidential Permit received

Energy East Pipeline Project



- Energy East filing includes a proposed marine terminal near Cacouna, Québec
- Committee on the Status of Endangered Species recommended Beluga whales be placed on the endangered species list
- We halted all work at Cacouna and will assess potential impacts and review all viable options
- Expect to conclude our review in Q1 2015 and will provide an update at that time
- 1.1 million barrels per day oil pipeline underpinned by firm contracts for approximately 1 million bbl/d. Expect oil deliveries by late 2018

Upland Pipeline

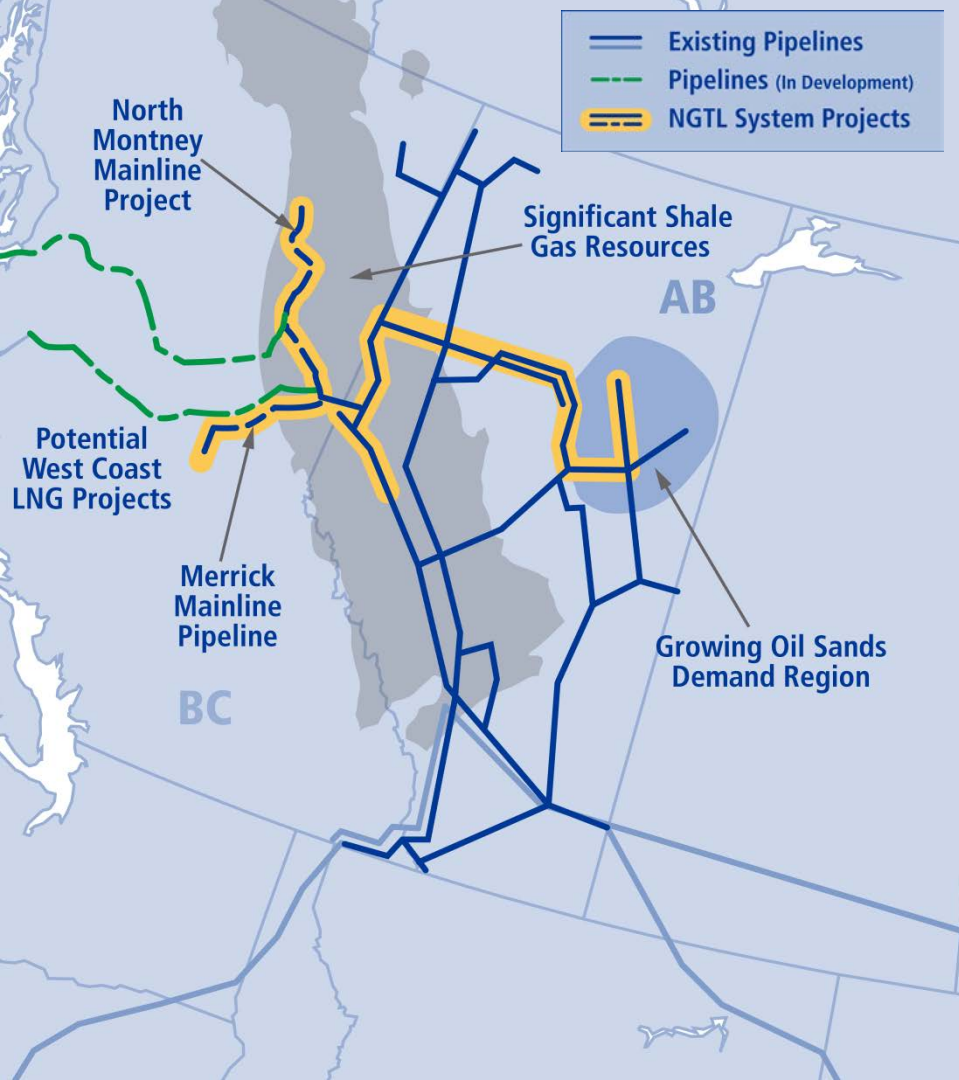


- Tens of thousands of barrels per day of U.S. Bakken crude oil is being railed to central and Eastern Canadian markets
- We completed a successful open season for the Upland Pipeline in November 2014
- The \$600 million pipeline would provide crude oil transportation between multiple points in North Dakota and interconnect with the Energy East Pipeline at Moosomin, Saskatchewan
- We anticipate Upland becoming operational in 2018. Upland signed contracts are conditional on Energy East proceeding

Keystone XL



- Congress passed legislation approving KXL construction, now goes to President Obama
- Strong bipartisan and public support remains. Two thirds of Americans want pipeline built
- National Interest Determination period moving forward. No details on timing or when process would conclude
- We continue to believe Keystone XL very much in the public interest and expect it to be approved
- US\$8 billion estimated capital cost
- US\$2.4 billion invested to date and recorded US\$400 million of capitalized interest



NGTL System

- NGTL System continues to experience growth due to growing Alberta and B.C. production driven by oil sands development and gas-fired electrical power generation demand
- Demand expected to result in 4 Bcf/d of incremental firm receipt and firm delivery services
- We expect to build over 500 km of new pipeline along with additional compressor and meter stations
- 2016/17 facilities to cost \$2.7 billion
- Total of \$6.7 billion of NGTL-related projects in development

Canadian Mainline – Tolls Application



- NEB approved Mainline's 2015-2030 tolls application in November 2014
- Application reflected TransCanada/LDC settlement
- Provides long-term platform for Canadian Mainline and shippers with a known toll design for 2015-2020, access to growing U.S. gas supplies and certain parameters for a toll-setting methodology up to 2030
- This balances the needs of our shippers while giving TransCanada an opportunity to recover costs from both existing and new facilities

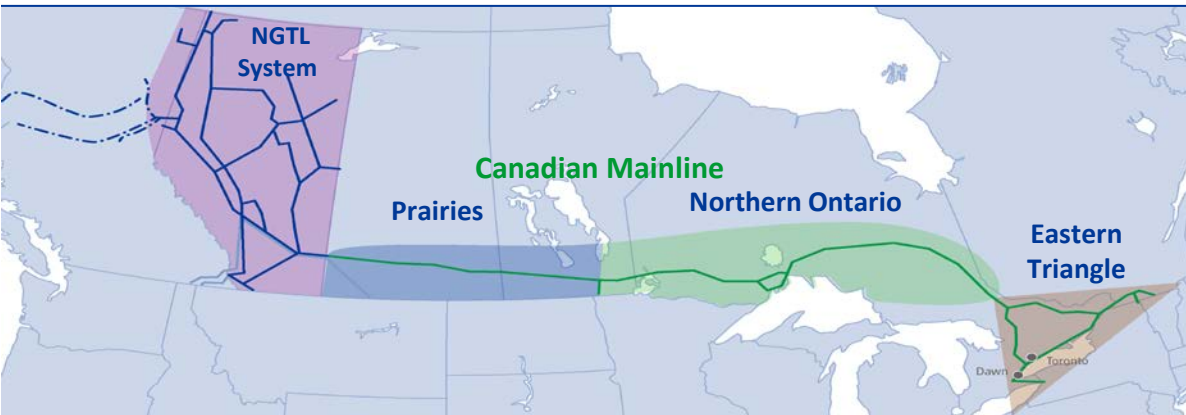


**Establishes
a framework to ensure
long-term viability**

Canadian Mainline - Expansions

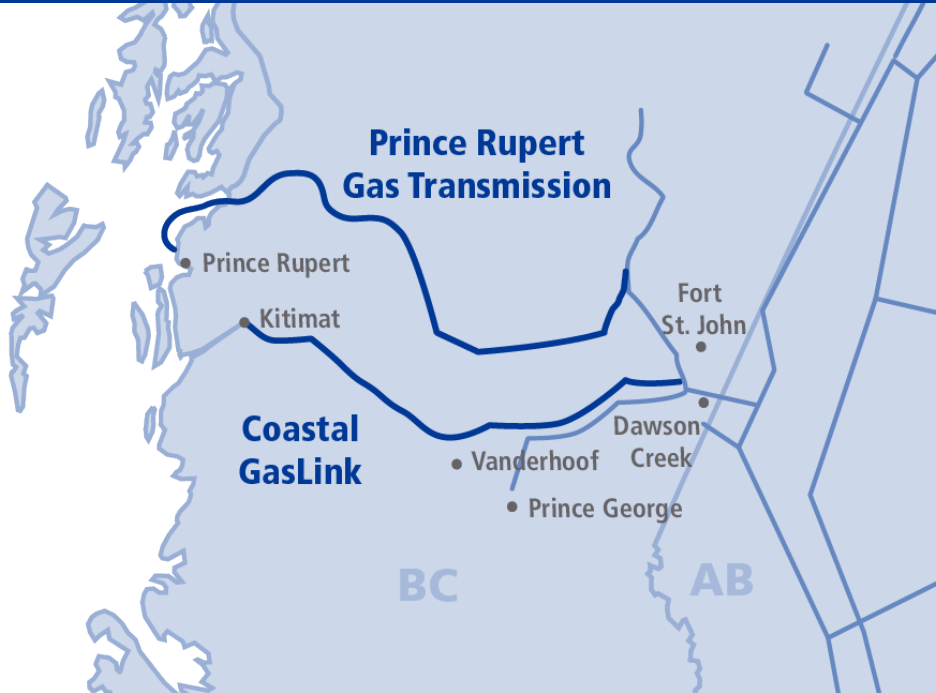


- TransCanada has signed new short haul contracts in the Eastern Triangle to deliver U.S. natural gas to Eastern Canadian customers
- These contracts require \$475 million of new facilities with expected in-service dates between November 2015 and November 2016
- Also filed an application with the NEB for Canadian Mainline expansions in southeastern Ontario
- \$1.5 billion Eastern Mainline Project will add 600 mmcf/d of new capacity, will ensure sufficient capacity is in place to meet new, firm service requirements



**Establishes
a framework to ensure
long-term viability**

West Coast LNG Pipeline Projects



- Received an Environmental Assessment Certificate (EAC) for PRGT in November 2014
- Submitted our pipeline permit applications to B.C.'s Oil and Gas Commission (OGC) for construction of the Prince Rupert gas line. Anticipate receiving those permits in first quarter 2015
- PRGT final investment decision (FID) delayed, will impact in-service date. TransCanada working on refining project costs
- Coastal Gaslink project has EAC in hand. Also submitted applications to B.C.'s OGC
- Expect FID for Coastal early in 2016



Mexico Natural Gas Pipeline Assets



- US\$600 million Tamazunchale extension operational mid-November 2014
- Pipeline has a 25-year natural gas transportation service contract with Mexico's state-owned power company
- Permitting, engineering and construction work continues for US\$1 billion Topolobampo and \$US400 million Mazatlan projects
- Both supported by 25-year contracts with Mexico's CFE, expected to be operational mid to late 2016

Napanee Generating Station



- Construction started in January 2015 on our 900 MW Napanee power facility
- \$1 billion facility expected to be operational in late 2017 or early 2018
- Power production fully contracted with the Ontario Independent Electricity System Operator (IESO)



Ontario Solar



- TransCanada acquired eighth Ontario solar facility in late December 2014
- Part of a larger purchase agreement with Canadian Solar signed in 2011
- Invested over \$450 million
- All solar facilities generating power under 20-year power purchase agreement with IESO



Key Takeaways



- Diverse asset portfolio generated strong earnings and cash flow in 2014
- Comparable earnings increased eight per cent to \$1.7 billion, funds generated from operations up seven per cent to \$4.3 billion
- Common share dividend increased eight per cent
- \$46 billion capital program includes a number of growth opportunities captured in 2014
- 2015 will be challenging for many as companies adjust to lower oil and gas prices
- Some TransCanada business units are exposed to volatile commodity prices, however the majority are well positioned to perform due to contractual underpinning and rate regulated business models



Key Takeaways



2015 focus remains the same:

- Maximize value of our \$59 billion asset base
- Move \$46 billion capital program from concept to cash flow
- Continue to cultivate new opportunities to invest growing cash flow; and
- Maintain financial flexibility and discipline to ensure we can continue to fund growth and pay a solid and growing dividend

Disciplined strategy has proven itself over the last 15 years, driving growth in earnings, cash flow and dividends





Fourth Quarter 2014 Financial Results

Don Marchand, EVP & CFO



Consolidated Results of Operations

(unaudited) (millions of dollars, except per share amounts)



	Three months ended Dec 31		Year ended Dec 31	
	2014	2013	2014	2013
Net Income Attributable to Common Shares	458	420	1,743	1,712
Specific items (net of tax):				
Cancarb gain on sale	-	-	(99)	-
Niska contract termination	-	-	32	-
Gas Pacifico/ INNERGY gain on sale	(8)	-	(8)	-
2013 NEB decision - 2012	-	-	-	(84)
Part VI.I income tax adjustment	-	-	-	(25)
Risk management activities	61	(10)	47	(19)
Comparable Earnings⁽¹⁾	511	410	1,715	1,584
Net Income Per Common Share	\$0.65	\$0.59	\$2.46	\$2.42
Specific items (net of tax):				
Cancarb gain on sale	-	-	(\$0.14)	-
Niska contract termination	-	-	\$0.04	-
Gas Pacifico/ INNERGY gain on sale	(\$0.01)	-	(\$0.01)	-
2013 NEB decision - 2012	-	-	-	(\$0.12)
Part VI.I income tax adjustment	-	-	-	(\$0.04)
Risk management activities	\$0.08	(\$0.01)	\$0.07	(\$0.02)
Comparable Earnings Per Common Share⁽¹⁾	\$0.72	\$0.58	\$2.42	\$2.24
Average Common Shares Outstanding (millions)	709	707	708	707

(1) Non-GAAP measure. For additional information on these items see the Fourth Quarter 2014 News Release

Business Segment Results

(unaudited) (millions of dollars)



	Three months ended Dec 31		Year ended Dec 31	
	2014	2013	2014	2013
Natural Gas Pipelines				
Canadian Pipelines	646	600	2,318	2,107
U.S. and International Pipelines	249	192	940	780
Business Development	(11)	(14)	(17)	(35)
Natural Gas Pipelines Comparable EBITDA⁽¹⁾	884	778	3,241	2,852
Liquids Pipelines				
Keystone Pipeline System	294	200	1,073	766
Business Development	(6)	(2)	(14)	(14)
Liquids Pipelines Comparable EBITDA⁽¹⁾	288	198	1,059	752
Energy				
Canadian Power	285	257	916	987
U.S. Power	96	68	414	333
Natural Gas Storage and other	12	27	44	63
Business Development	(8)	(6)	(26)	(20)
Energy Comparable EBITDA⁽¹⁾	385	346	1,348	1,363
Corporate Comparable EBITDA⁽¹⁾	(36)	(31)	(127)	(108)
Comparable EBITDA⁽¹⁾	1,521	1,291	5,521	4,859

(1) Non-GAAP measure. For additional information on these items see the Fourth Quarter 2014 News Release

Other Income Statement Items

(unaudited) (millions of dollars)



	Three months ended Dec 31		Year ended Dec 31	
	2014	2013	2014	2013
Comparable EBIT⁽¹⁾	1,105	895	3,910	3,387
Comparable interest expense⁽¹⁾	(323)	(240)	(1,198)	(984)
Comparable interest income and other⁽¹⁾	40	10	112	42
Comparable income tax expense⁽¹⁾	(243)	(198)	(859)	(662)
Net income attributable to non-controlling interests	(43)	(38)	(153)	(125)
Preferred share dividends	(25)	(19)	(97)	(74)
Comparable Earnings⁽¹⁾	511	410	1,715	1,584
Specific items (net of tax):				
Cancarb gain on sale	-	-	99	-
Niska contract termination	-	-	(32)	-
Gas Pacifico/ INNERGY gain on sale	8	-	8	-
2013 NEB decision - 2012	-	-	-	84
Part VI.I income tax adjustment	-	-	-	25
Risk management activities	(61)	10	(47)	19
Net Income Attributable to Common Shares	458	420	1,743	1,712

(1) Non-GAAP measure. For additional information on these items see the Fourth Quarter 2014 News Release

Cash Flow and Investing Activities

(unaudited, millions of dollars)



	Three months ended Dec 31		Year ended Dec 31	
	2014	2013	2014	2013
Funds Generated From Operations⁽¹⁾	1,178	1,083	4,268	4,000
Investing Activities:				
Capital spending	(1,458)	(1,608)	(4,357)	(4,752)
Equity investments	(61)	(62)	(256)	(163)
Acquisitions, net of cash acquired	(60)	(62)	(241)	(216)
Proceeds from sale of assets, net of transaction costs	9	-	196	-

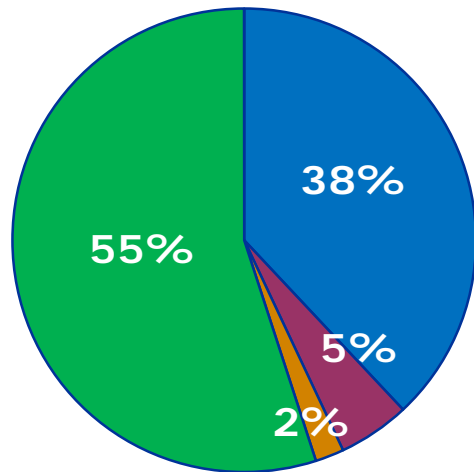
(1) Non-GAAP measure. For additional information on these items see the Fourth Quarter 2014 News Release

Financial Position Remains Strong



Consolidated Capital Structure*

(at December 31, 2014)



■ Debt (net of cash) ■ Common Equity
■ Preferred Shares ■ Junior Sub Notes

- Significant financial flexibility
- 'A' grade credit ratings
- \$489 million cash on hand
- \$5 billion of undrawn committed credit lines and two well supported commercial paper programs
- Reset Series 1 preferred share dividend rate from 4.60% to 3.266% and converted 57% of outstanding Series 1 shares into floating rate Series 2 shares
- Issued US\$500 million of three-year fixed senior notes at 1.875% and US\$250 million of floating rate senior notes at LIBOR + 79 basis points in January
- Well positioned to finance \$46 billion capital program with multiple attractive funding options available

* Common equity includes non-controlling interests in TC PipeLines, LP and Portland.

2015 Earnings Outlook



	2015E vs 2014A
Natural Gas Pipelines	
Canadian Mainline	↓
NGTL System	↑
U.S. and International	↑
Liquids Pipelines	
Keystone System	—
Energy	
Western Power	↓
Eastern Power	↑
Bruce Power	↓
U.S. Power	↑
Natural Gas Storage	↓
Capital Spending and equity investment outlook	\$6 Billion

2015 earnings expected to be higher than 2014

TransCanada Key Takeaways



- Strong fourth quarter and full-year financial results
- Quarterly common share dividend increased eight per cent
- Solidified long-term outlook for the Canadian Mainline and ANR along with \$3.8 billion of new assets placed into service in 2014
- Well positioned to fund \$12 billion of small to medium-sized projects and continue to advance \$34 billion of large-scale projects
- Expect to grow sustainable earnings, cash flow and dividends as we complete our unprecedented growth portfolio



Question & Answer Period



Russ Girling



Don Marchand



Alex Pourbaix



Karl Johannson



Paul Miller



Bill Taylor



Glenn Menuz



David Moneta



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