



TO OUR UNITED STATES SHAREHOLDERS IMPORTANT INCOME TAX INFORMATION FOR 1998

On July 2, 1998, TransCanada PipeLines Limited ("TransCanada") and NOVA Corporation ("NOVA") merged and then split off the commodity chemicals business carried on by NOVA into a separate public company ("NOVA Corporation"). Each TransCanada common shareholder on July 2, 1998, including all former NOVA common shareholders that became TransCanada common shareholders as a result of the merger, received 0.2 common shares of NOVA Corporation ("NOVA Common Shares") for each TransCanada common share held. TransCanada committed to report to United States shareholders in February 1999 the portion of the fair market value of the NOVA Corporation shares received that should be treated as ordinary dividend income and the portion that would reduce the tax basis of their TransCanada shares.

As outlined in the enclosed joint letter from NOVA and TransCanada to United States shareholders the estimated fair market value of the NOVA Common Shares distributed on July 2, 1998 was \$20.89 (U.S.) per share and the U.S. tax treatment relating to the receipt of such shares is as follows:

1. Ordinary Dividend Income
Ordinary dividend income is to be reported in your 1998 taxable income equal to \$2.92 multiplied by the number of NOVA Common Shares you received.
2. Reduction in Tax Basis of TransCanada Common Shares
There is also a tax basis reduction of \$3.594 per TransCanada Common Share held. This reduction is equal to \$20.89 less \$2.92 multiplied by 0.2 (i.e. $\$20.89 - \$2.92 = \$17.97 \times 0.2 = \3.594).
3. Capital Gain
A capital gain will only result if the tax basis in any TransCanada Common Share held by a U.S. shareholder on July 2, 1998 was less than \$3.594 per share. The difference between such basis and \$3.594 will be treated as capital gain.

The NOVA Common Shares you received have an initial tax basis of \$20.89 per share.

If you have any questions with respect to the foregoing, please contact TransCanada at 1-800-361-6522.