



# TransCanada Corporation Annual Meeting of Shareholders

Russ Girling, President & CEO

April 27, 2012



# Delivering Critical Energy Infrastructure



## Forward-Looking Information



This presentation contains certain information that is forward looking and is subject to important risks and uncertainties. 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 statements in this presentation are intended to provide TransCanada security holders and potential investors with information regarding TransCanada and its subsidiaries, including management's assessment of TransCanada's and its subsidiaries' future plans and financial outlook. Forward-looking statements in this presentation may include, but are not limited to, statements regarding anticipated business prospects; financial performance of TransCanada and its subsidiaries and affiliates; expectations or projections about strategies and goals for growth and expansion; expected cash flows; expected costs; expected costs for projects under construction; expected schedules for planned projects (including anticipated construction and completion dates); expected regulatory processes and outcomes; expected outcomes with respect to legal proceedings, including arbitration; expected capital expenditures; expected operating and financial results; and expected impact of future commitments and contingent liabilities.

These forward-looking statements reflect TransCanada's beliefs and assumptions based on information available at the time the statements were made and as such are not guarantees of future performance. By their nature, forward-looking statements are subject to various assumptions, risks and uncertainties which could cause TransCanada's actual results and achievements to differ materially from the anticipated results or expectations expressed or implied in such statements. Key assumptions on which TransCanada's forward-looking statements are based include, but are not limited to, assumptions about inflation rates, commodity prices and capacity prices; timing of debt issuances and hedging; regulatory decisions and outcomes; arbitration decisions and outcomes; foreign exchange rates; interest rates; tax rates; planned and unplanned outages and utilization of the Company's pipeline and energy assets; asset reliability and integrity; 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 the ability of TransCanada to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits; the operating performance of the Company's pipeline and energy assets; the availability and price of energy commodities; amount of capacity payments and revenues from the Company's energy business; regulatory decisions and outcomes; outcomes with respect to legal proceedings, including arbitration; counterparty performance; 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 currency exchange rates; weather; technological developments; and economic conditions in North America.

Additional information on these and other factors is available in the reports filed by TransCanada with Canadian securities regulators and with the U.S. Securities and Exchange Commission (SEC). Readers are cautioned against placing undue reliance on forward-looking information, which is given as of the date it is expressed in this presentation or otherwise stated, and not to use future-oriented information or financial outlooks for anything other than their intended purpose. TransCanada undertakes no obligation to publicly update or revise any forward-looking information in this presentation or otherwise stated, whether as a result of new information, future events or otherwise, except as required by law.

## Non-GAAP Measures



TransCanada uses the measures Comparable Earnings, Comparable Earnings per Share, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Comparable EBITDA, Funds Generated from Operations, and Funds Generated from Operations per Share in this presentation. These measures do not have any standardized meaning prescribed by U.S. generally accepted accounting principles (U.S. GAAP). They are, therefore, considered to be non-GAAP measures and may not be comparable to similar measures presented by other entities. Management of TransCanada uses these non-GAAP measures to improve its ability to compare financial results among reporting periods and to enhance its understanding of operating performance, liquidity and ability to generate funds to finance operations. These non-GAAP measures are also provided to readers as additional information on TransCanada's operating performance, liquidity and ability to generate funds to finance operations.

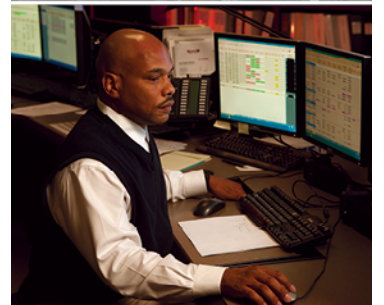
EBITDA is an approximate measure of the Company's pre-tax operating cash flow and is generally used to better measure performance and evaluate trends of individual assets. EBITDA comprises earnings before deducting interest and other financial charges, income taxes, depreciation and amortization, net income attributable to non-controlling interests and preferred share dividends. EBITDA includes Income from Equity Investments.

Comparable Earnings and Comparable EBITDA comprise Net Income Attributable to Common Shares and EBITDA respectively, adjusted for specific items that are significant but are not reflective of the Company's underlying operations in the period. Specific items are subjective, however, management uses its judgment and informed decision-making when identifying items to be excluded in calculating these non-GAAP measures, some of which may recur. Specific items may include but are not limited to certain fair value adjustments relating to risk management activities, income tax adjustments, gains or losses on sales of assets, legal and bankruptcy settlements, and write-downs of assets and investments. These non-GAAP measures are calculated on a consistent basis from period to period. The specific items for which such measures are adjusted in each applicable period may only be relevant in certain periods and are disclosed in the Reconciliation of Non-GAAP Measures table in TransCanada's Management's Discussion and Analysis for the First Quarter 2012. This table presents a reconciliation of these non-GAAP measures to Net Income Attributable to Common Shares. Comparable Earnings per Share is calculated by dividing Comparable Earnings by the weighted average number of common shares outstanding for the period.

Funds Generated from Operations comprise Net Cash Provided by Operations before changes in operating working capital and allows management to better measure consolidated operating cash flow, excluding fluctuations from working capital balances which may not necessarily be reflective of underlying operations in the same period. A reconciliation of Funds Generated from Operations to Net Cash Provided by Operations is presented in the Financial Highlights table in the First Quarter 2012 news release. Funds Generated from Operations per Common Share is derived by dividing Funds Generated from Operations by the average common shares outstanding for the period.

## Our Mission

To provide **reliable** supplies of energy across the continent, **safely** and **responsibly**. We are proud that millions of North Americans can depend on us for the energy they need.



## Leading North American Energy Infrastructure Company

### One of North America's Largest Natural Gas Pipeline Networks

- 68,500 km (42,500 mi) of pipeline
- Average volume of 14 Bcf/d

### North America's 3rd Largest Natural Gas Storage Operator

- 380 Bcf of capacity

### Canada's Largest Private Sector Power Generator

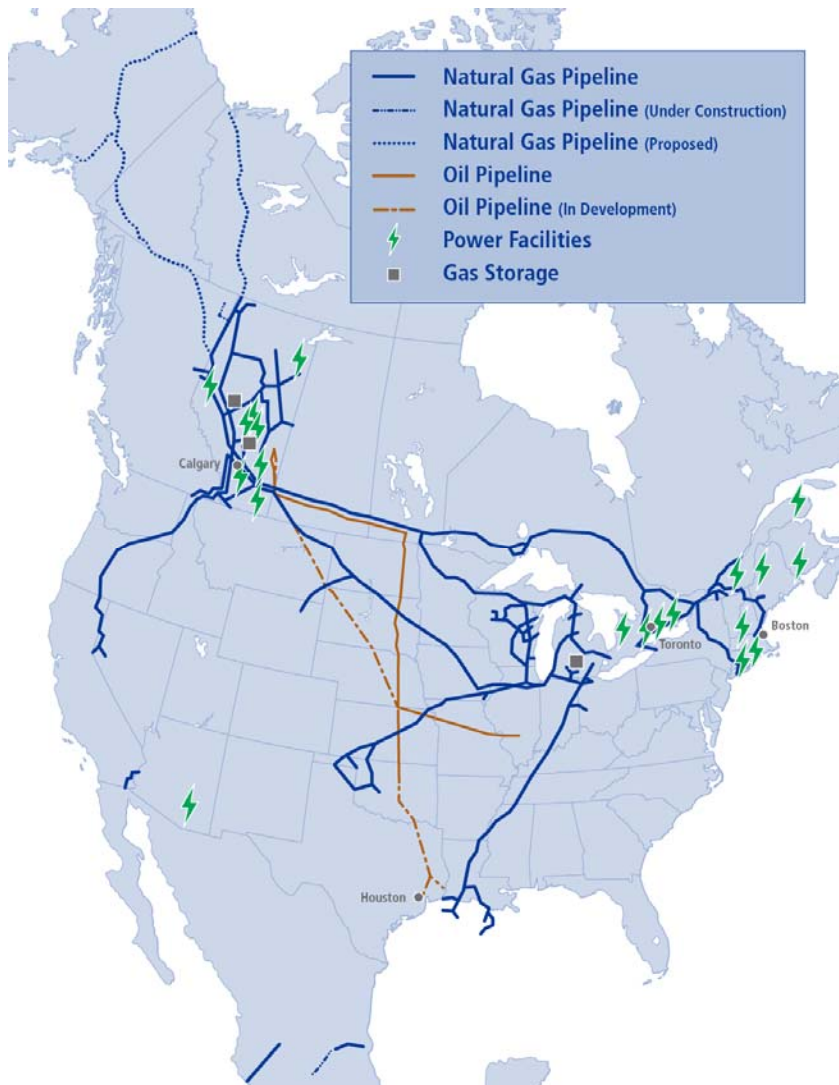
- 20 power plants, 10,900 MW

### Premier North American Oil Pipeline System

- 1.4 million bbl/d ultimate capacity

**Enterprise Value ~ \$55 billion**

**4,400 Employees**



## Our Priorities



1. Maximize the Value of Existing Assets
2. Complete Current \$13 Billion Capital Program
3. Maintain Financial Strength and Flexibility
4. Invest in Future Low-Risk Growth Opportunities



*Strategy is Working*

## \$10 Billion of Assets Placed In-Service Since Second Quarter 2010



- Low-risk energy infrastructure assets
- All cost of service or contracted revenue streams
- Generating predictable, long-life earnings and cash flow

(\$Billions)	Capital Placed In-Service	Estimated Annual EBITDA
<b>Oil Pipelines</b>	<b>6.0</b>	<b>0.7</b>
<b>Gas Pipelines</b>	<b>2.0</b>	<b>0.2</b>
<b>Energy</b>	<b>1.8</b>	<b>0.2</b>
	<b>9.8</b>	<b>1.1</b>



# Keystone: a Premier Oil Pipeline System



- US\$6 billion investment
- 591,000 bbl/d capacity
- 530,000 bbl/d or 90 per cent contracted for an average term of 18 years
- Safely transported over 175 million barrels of oil to date

(\$Billions)	Capital Placed In-Service	Estimated Annual EBITDA
<b>Oil Pipelines</b>	<b>6.0</b>	<b>0.7</b>
Gas Pipelines	2.0	0.2
Energy	1.8	0.2
	<u>9.8</u>	<u>1.1</u>

# Connecting New Gas Supply



- Added 1,265 km (787 mi) of gas pipelines in 2010 and 2011
- Cost of service or long-term contracted
- Generating predictable, long-life earnings and cash flow

(\$Billions)	Capital Placed In-Service	Estimated Annual EBITDA
Oil Pipelines	6.0	0.7
Gas Pipelines	2.0	0.2
Energy	1.8	0.2
	<u>9.8</u>	<u>1.1</u>

# Building a Stable Energy Asset Base



- Added 1,549 MW of capacity in 2010 and 2011
- Long-term contracts with stable, predictable earnings and cash flow
- Strong counterparties
- No commodity risk

(\$Billions)	Capital Placed In-Service	Estimated Annual EBITDA
Oil Pipelines	6.0	0.7
Gas Pipelines	2.0	0.2
<b>Energy</b>	<b>1.8</b>	<b>0.2</b>
	<u>9.8</u>	<u>1.1</u>

## Financial Highlights – Year ended December 31



### Earnings per Share

(Comparable)

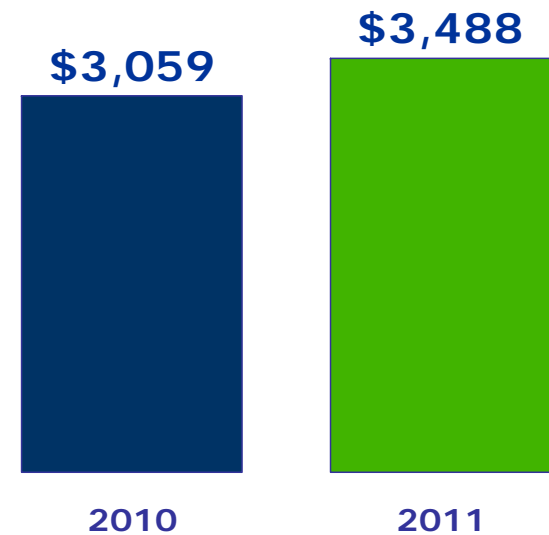
**13% Increase**



### Funds Generated from Operations

(\$Millions)

**14% Increase**



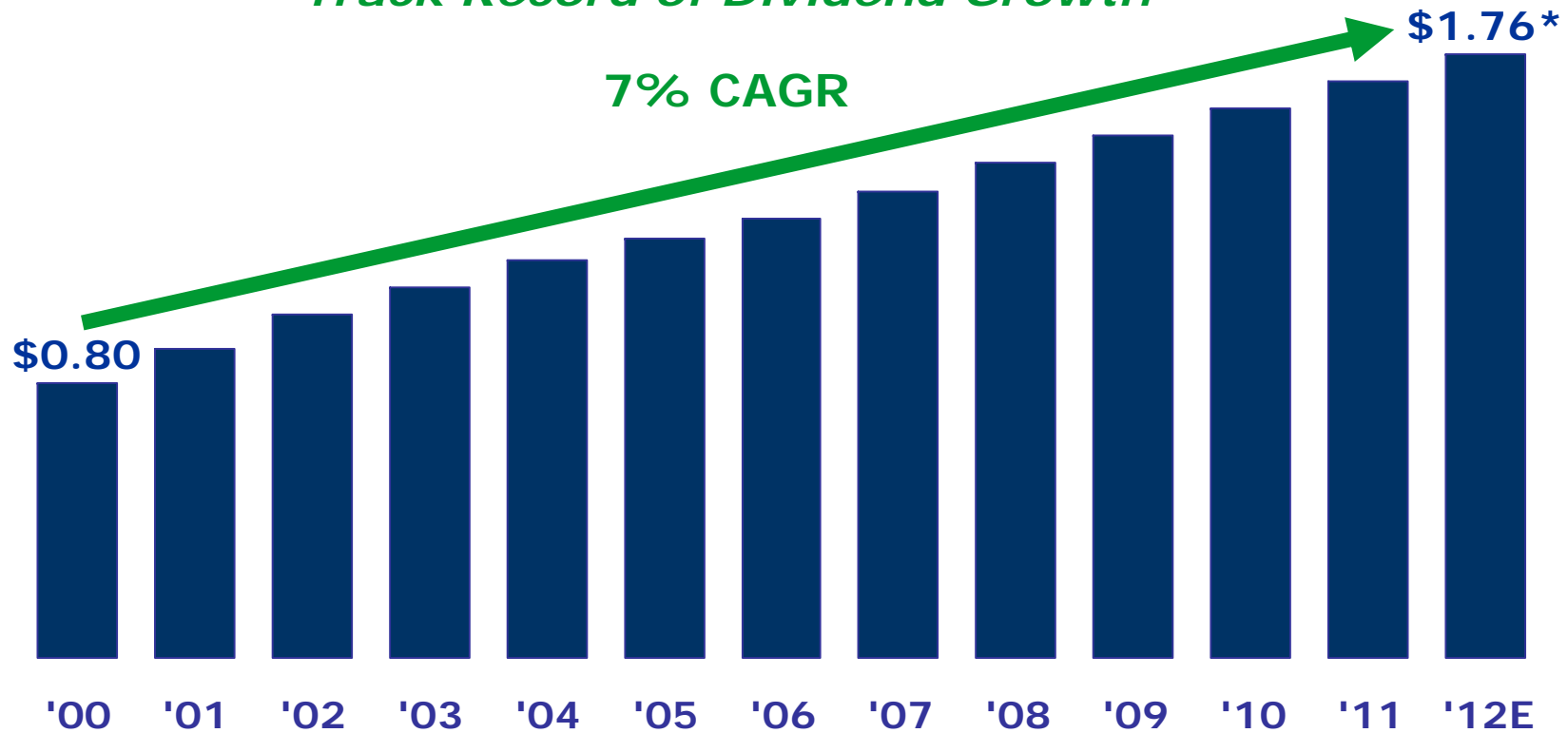
*Presented in accordance with U.S. GAAP*

## Dividends Per Common Share



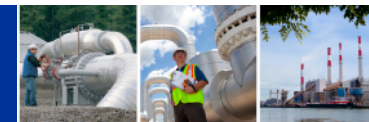
*Track Record of Dividend Growth*

7% CAGR



\* annualized based on second quarter declaration

## First Quarter 2012 Financial Highlights



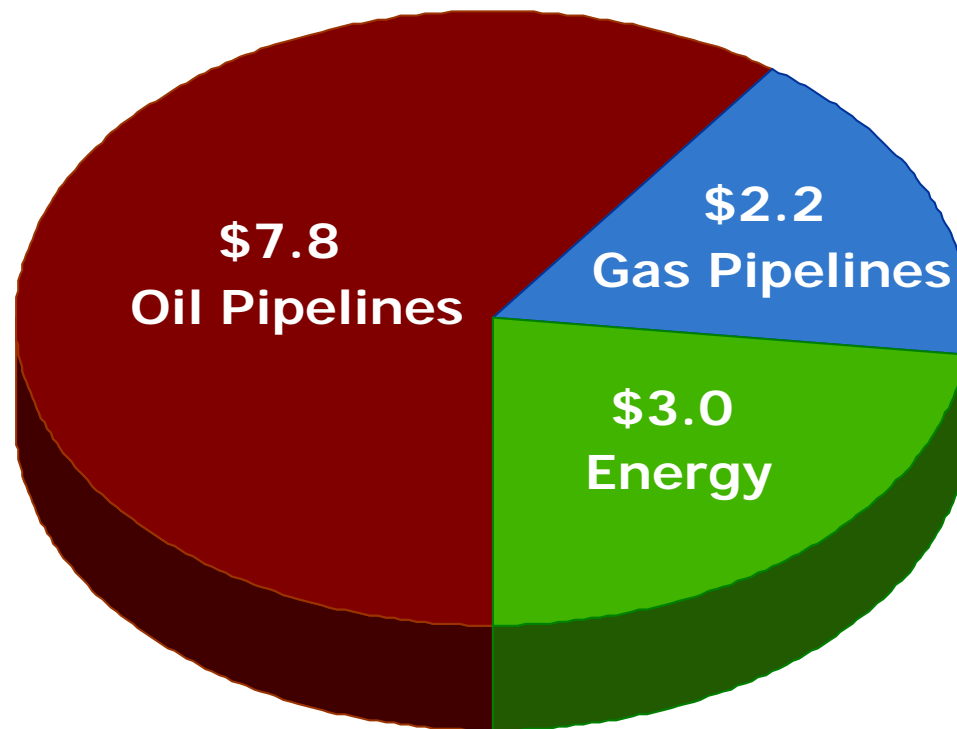
	<b>\$Millions</b>	<b>Per Common Share</b>
<b>Comparable Earnings</b>	<b>363</b>	<b>\$0.52</b>
<b>Funds Generated from Operations</b>	<b>841</b>	<b>\$1.19</b>
<b>Common Dividends Declared</b>	<b>310</b>	<b>\$0.44</b>

*Presented in accordance with U.S. GAAP*

**Projects in Advanced Stages of Development:  
Expected In-Service 2012-2015**



***\$13 Billion of Critical Energy Infrastructure Assets***



*\* TransCanada share in Canadian dollars. Excludes small projects, maintenance capital and interest during construction.*

# Gulf Coast Project and Keystone XL



- Gulf Coast Project proceeding
- Keystone XL Presidential Permit application imminent
- Nebraska re-route well underway
- Ultimate capacity 830,000 bbl/d
- Contracted over 600,000 bbl/d

	Expected Capital Cost (US\$Billions)	Expected In-Service Date
Gulf Coast Project	2.3	mid to late 2013
Keystone XL	5.3	late 2014/ early 2015
Marketlink Projects	0.2	late 2014/ early 2015
	<u>7.8</u>	



## Bruce Power



- 6,200 MW, eight unit site with restart of Bruce A Units 1 & 2
- \$2.4 billion investment (TransCanada share) in Units 1 & 2
- Refurbishment of Units 2 & 1 scheduled to be complete in Q2 and Q3 2012
- Power sold to the Ontario Power Authority under long-term contract

## Other Critical Energy Infrastructure Projects



**\$2.8 billion** of gas pipelines, solar and wind energy expected to come online between 2012-2015

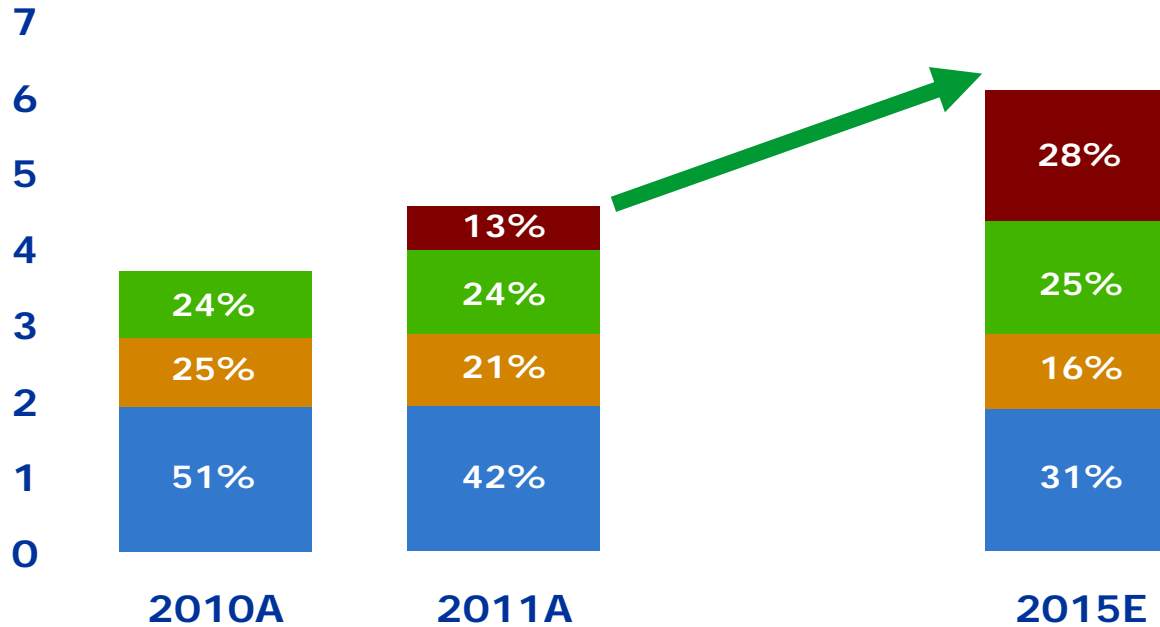


## Capital Program Drives Growth



***EBITDA Expected to Grow by \$1.6 Billion***

\$Billions



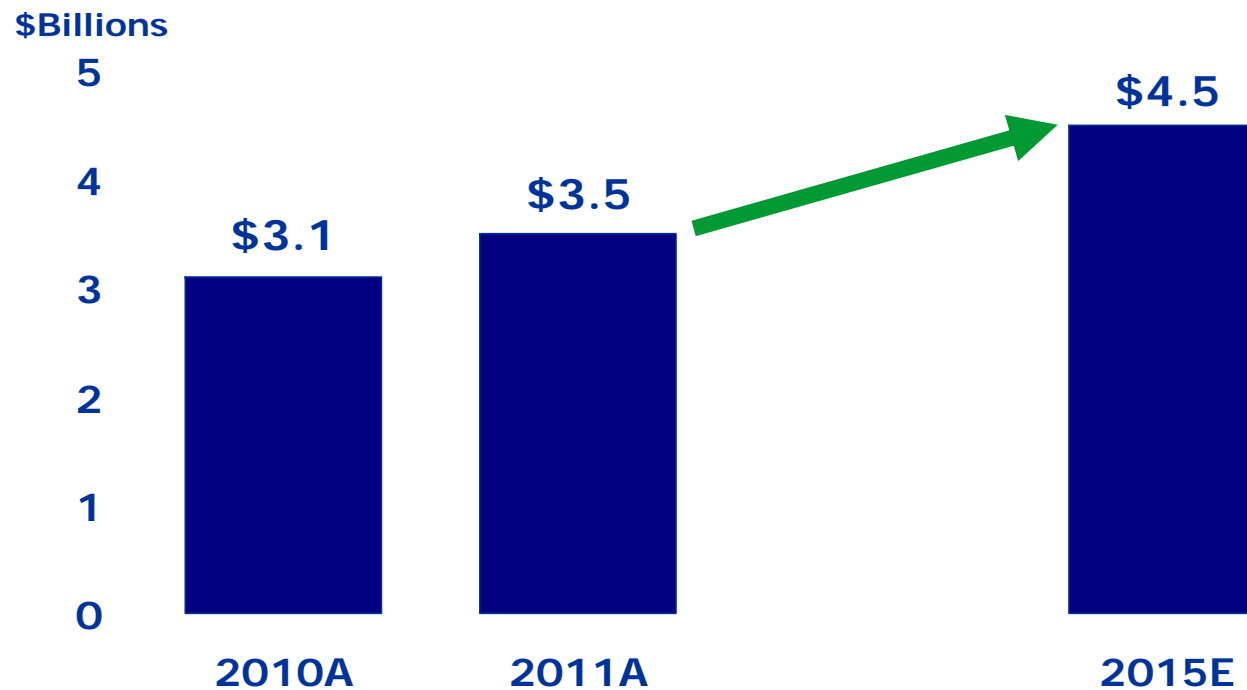
■ Canadian Gas Pipelines   ■ U.S. Gas Pipelines   ■ Energy & Corporate   ■ Oil Pipelines

*Presented in accordance with U.S. GAAP*

## Capital Program Drives Growth



### *Funds Generated from Operations Capacity to Fund Additional Growth*

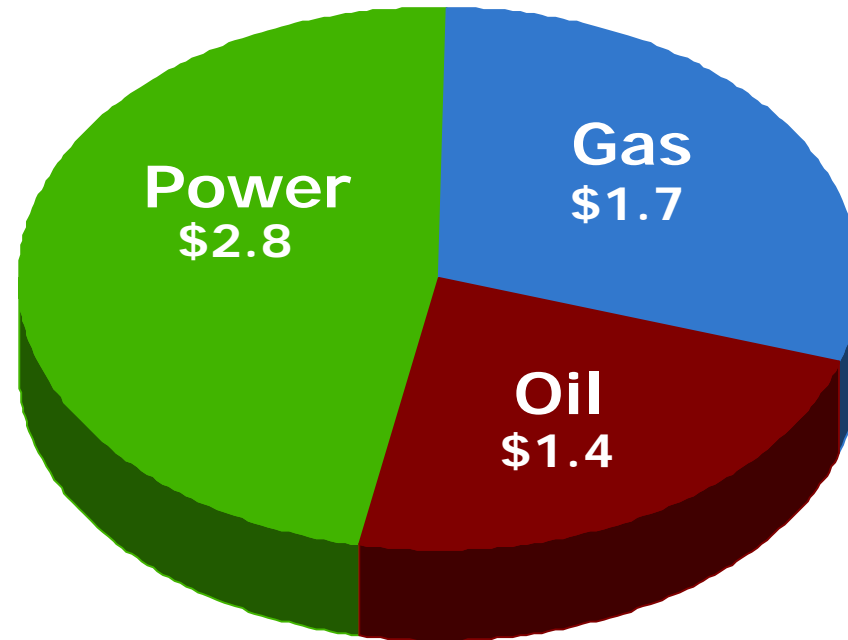


*Presented in accordance with U.S. GAAP*

## North America Needs Substantial New Energy Infrastructure



### *Cumulative Investment in Energy Supply Infrastructure by Fuel (\$Trillions) (2010-2035)*

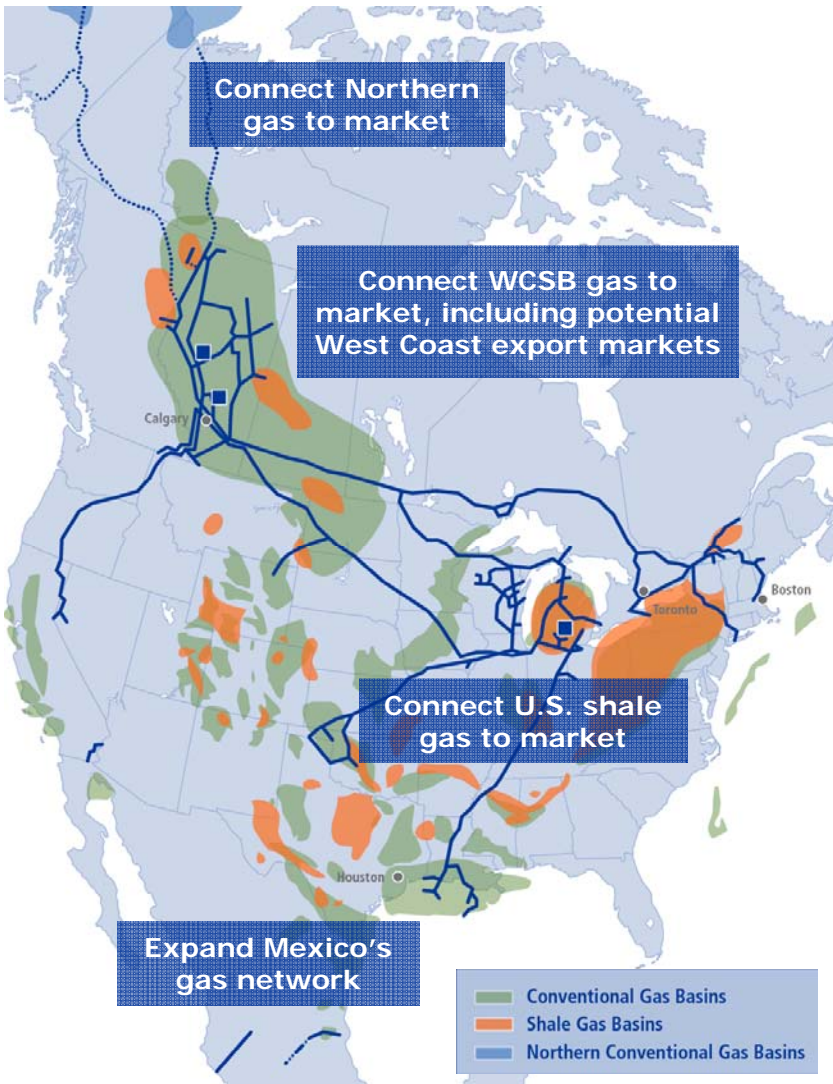


Source: International Energy Agency (IEA) World Energy Outlook 2010

## Oil Pipeline Opportunities

- **Keystone pipeline system provides significant platform for long-term growth**
- **Future growth to come from:**
  - Oil sands growth
  - U.S. shale oil growth
  - Connecting to new markets
    - South
    - East
    - West
  - Other transportation services



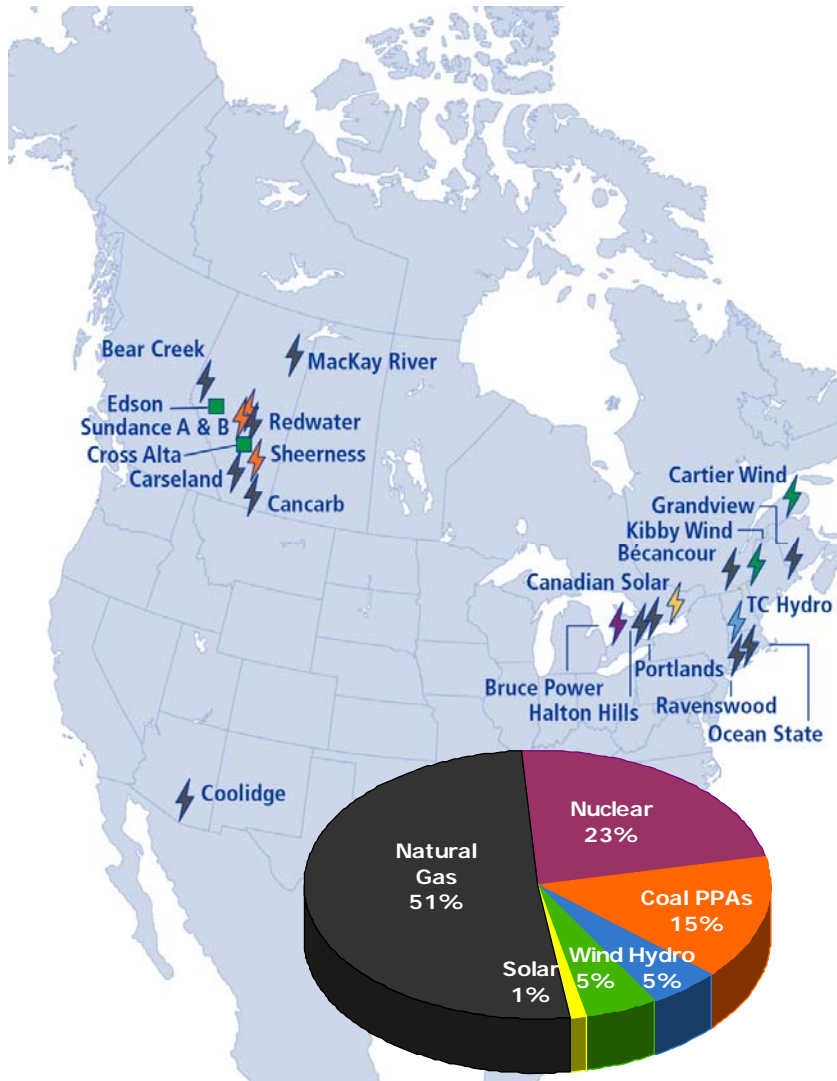


# Natural Gas Pipeline Opportunities



## Energy Opportunities

- Natural gas-fired power generation
- Renewables: Hydro, Wind and Solar
- Nuclear Refurbishments: Bruce Units 3-8
- Power Transmission
- Natural Gas Storage





# Infrastructure Re-investment and Safety



# Commitment to Stakeholders



## Key Takeaways



- Plan is Working
- Visible Growth
- Financial Capacity to Fund Capital Program
- Expertise to Deliver Results
- Significant Long-term Growth Opportunities



***Growth in Earnings, Cash Flow and Dividends will  
Generate Superior Total Shareholder Returns***

# Delivering Critical Energy Infrastructure





# TransCanada Corporation Annual Meeting of Shareholders

Russ Girling, President & CEO

April 27, 2012

