



and Chief Financial Officer

By: /s/ Rhondda E.S. Grant

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Rhondda E.S. Grant  
Vice-President and Corporate Secretary

March 15, 2004

EXHIBIT INDEX

- 1 Management Proxy Circular of the Registrant
- 2 Form of Proxy of the Registrant

NOTICE OF 2004 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

APRIL 23, 2004

MANAGEMENT PROXY CIRCULAR

FEBRUARY 24, 2004

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i TRANSCANADA CORPORATION

March 15, 2004

Dear Shareholder:

You are invited to attend the Annual and Special Meeting of the holders of common shares of TransCanada Corporation to be held in the Imperial Ballroom at the Hyatt Regency Calgary Downtown, 700 Centre Street S.E., Calgary, Alberta, on Friday, April 23, 2004 at 10:30 a.m. (Mountain Daylight Time).

In addition to attending to regular annual meeting business, shareholders will be requested to approve resolutions to amend the Stock Option Plan and to continue and ratify, confirm and approve the Shareholder Rights Plan.

The Management Proxy Circular and other enclosed information contain a detailed description of the matters on which you will be requested to vote. Please give this material your careful consideration.

Please complete and return the enclosed form of proxy in accordance with the instructions provided, which will allow for your representation at the meeting. If you are a registered owner and are able to attend the meeting, you may revoke your proxy by providing notice at the meeting.

Yours very truly,

/s/ Harold N. Kvisle

Harold N. Kvisle  
President and Chief Executive Officer

The Hyatt Regency is conveniently located next to the C-Train platform at Centre Street N.E. (eastbound trains) and down the street from Olympic Plaza (westbound trains), which is located between 1st and 2nd Street S.E. Complimentary parking

will be available for TransCanada shareholders at the Telus Convention Centre. Access to the Telus Convention Centre underground parking garage (clearance approx. 2 metres) is located at 727 - 1st Street S.E. just as you pass over the C-Train tracks on the right hand side. Please tell the garage attendant that you are attending the TransCanada shareholders meeting upon departure.

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[LOGO]

#### NOTICE OF ANNUAL AND SPECIAL MEETING

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting (the "Meeting") of the holders of common shares (the "common shares") of TransCanada Corporation ("TransCanada") will be held in the Imperial Ballroom at the Hyatt Regency Calgary Downtown, 700 Centre Street S.E., Calgary, Alberta, on Friday, April 23, 2004 at 10:30 a.m. (Mountain Daylight Time).

HOLDERS OF COMMON SHARES ARE INVITED TO ATTEND THE MEETING FOR THE FOLLOWING PURPOSES:

- (1) to receive the consolidated financial statements for the year ended December 31, 2003 and the auditors' report thereon;
- (2) to elect the directors;
- (3) to appoint the auditors and authorize the directors to fix their remuneration;
- (4) to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to amend the Stock Option Plan, as described in the enclosed Management Proxy Circular;
- (5) to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to continue and ratify, confirm and approve the Shareholder Rights Plan, as described in the enclosed Management Proxy Circular; and
- (6) to transact such other business as may properly come before the Meeting or any adjournment thereof.

Shareholders of record at the close of business on March 5, 2004 will be entitled to vote at the Meeting. TransCanada will prepare, no later than 10 days following the record date, an alphabetical list of shareholders who are entitled to vote as of the record date, showing the number of common shares held by each such shareholder. Each person named on the list of shareholders is entitled to one vote for each share held.

Shareholders are requested to complete, date, sign and return (in the envelope provided for that purpose) the accompanying form of proxy for use at the Meeting. Such proxies must be received before 4:30 p.m. (Eastern Daylight Time) on Wednesday, April 21, 2004 by TransCanada's transfer agent, Computershare Trust Company of Canada, Stock Transfer Services, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. Shareholders may also cast their vote electronically by following the instructions provided on the form of proxy.

The 2003 Annual Report, the Management Proxy Circular and a form of proxy accompany this Notice of Meeting.

By Order of the Board of Directors,

/s/ Rhondda E.S. Grant  
RHONDDA E.S. GRANT  
Vice-President and Corporate Secretary  
Calgary, Alberta  
March 15, 2004

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[LOGO]

#### MANAGEMENT PROXY CIRCULAR

#### GENERAL INFORMATION

THIS MANAGEMENT PROXY CIRCULAR ("PROXY CIRCULAR") IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY MANAGEMENT OF TRANSCANADA CORPORATION ("TRANSCANADA") TO BE USED AT THE ANNUAL AND SPECIAL MEETING (THE "MEETING") OF HOLDERS OF COMMON SHARES TO BE HELD IN CALGARY, ALBERTA ON FRIDAY, APRIL 23, 2004 AND AT ANY ADJOURNMENT THEREOF, FOR THE PURPOSES SET OUT IN THE ACCOMPANYING NOTICE OF ANNUAL AND SPECIAL MEETING (THE "NOTICE OF MEETING").

The commencement of mailing to shareholders of this Proxy Circular, TransCanada's 2003 Annual Report and the form of proxy for shareholders will be March 15, 2004. The cost of soliciting proxies will be borne by TransCanada. While most proxies will be solicited by mail only, some shareholders may also be contacted by TransCanada employees personally or by telephone. In addition, TransCanada has retained Georgeson Shareholder Communications Canada, 66 Wellington Street West, T-D Tower, Suite 5210, Toronto Dominion Centre, P.O. Box 240, Toronto, Ontario, M5K 1J3 at a fee of approximately \$40,000 plus out-of-pocket expenses to aid in the solicitation of proxies from individual and institutional investors in Canada and the U.S.

TransCanada will provide proxy materials to brokers, custodians, nominees and fiduciaries and will request that such materials be promptly forwarded to the beneficial owners of common shares registered in the names of such brokers, custodians, nominees and fiduciaries.

Unless otherwise stated, the information contained in this Proxy Circular is given as of the date hereof and all dollar amounts are in Canadian dollars.

For those shareholders who cannot attend the Meeting in person, TransCanada has made arrangements to provide a live webcast of the Meeting. Details on how shareholders may listen to and view the proceedings on the webcast will be found on TransCanada's website at [www.transcanada.com](http://www.transcanada.com) and will be provided in a news release prior to the Meeting.

TransCanada's principal corporate and executive offices are located at 450 - 1st Street S.W., Calgary, Alberta, T2P 5H1.

#### INFORMATION ON VOTING

##### RECORD DATE FOR NOTICE OF MEETING AND PROVISIONS RELATING TO VOTING

The Board has fixed March 5, 2004 as the record date for the purpose of determining shareholders entitled to receive the Notice of Meeting. TransCanada will prepare, no later than 10 days following the record date, an alphabetical list of shareholders who are entitled to vote as of the record date, showing the number of common shares held by each such shareholder. Each person named on the list of shareholders is entitled to one vote for each share held. The list is available for inspection during usual business hours at the office of Computershare Trust Company of Canada ("Computershare"), Suite 600, 530 - 8th Avenue S.W., Calgary, Alberta, T2P 3S8 and will be available for inspection at the Meeting.

##### APPOINTMENT OF PROXY HOLDERS

Shareholders wishing to be represented by proxy at the Meeting must deposit a properly executed proxy with Computershare prior to 4:30 p.m. (Eastern Daylight Time) on Wednesday, April 21, 2004.

##### TRANSCANADA CORPORATION 3

All common shares represented by a properly executed and deposited form of proxy will be voted or withheld from voting on the matters identified in the Notice of Meeting in accordance with the instructions of the shareholder as specified on the form of proxy.

IF YOU HAVE APPOINTED A PERSON DESIGNATED BY TRANSCANADA TO ACT AND VOTE ON YOUR BEHALF AS PROVIDED IN THE ENCLOSED FORM OF PROXY AND YOU DO NOT PROVIDE ANY INSTRUCTIONS CONCERNING ANY MATTER IDENTIFIED IN THE NOTICE OF MEETING, THE COMMON SHARES REPRESENTED BY SUCH PROXY WILL BE VOTED:

- (i) FOR THE ELECTION OF THE PERSONS NOMINATED FOR ELECTION AS DIRECTORS;
- (ii) FOR THE APPOINTMENT OF KPMG LLP, CHARTERED ACCOUNTANTS, AS AUDITORS AND THE AUTHORIZATION OF THE DIRECTORS TO SET THEIR REMUNERATION;
- (iii) FOR THE APPROVAL OF AMENDMENTS TO THE STOCK OPTION PLAN, AS DESCRIBED IN THIS PROXY CIRCULAR; AND
- (iv) FOR THE CONTINUANCE AND RATIFICATION, CONFIRMATION AND APPROVAL OF THE SHAREHOLDER RIGHTS PLAN, AS DESCRIBED IN THIS PROXY CIRCULAR.

The enclosed form of proxy, when properly signed, confers discretionary authority on the person or persons named to vote on any amendment to matters identified in the Notice of Meeting and on any other matter properly coming before the Meeting. Management is not aware of any such amendment or other matter. If, however, any such amendment or other matter properly comes before the Meeting, the proxies will be voted at the discretion of the person or persons named therein. The persons named in the form of proxy are either officers or directors of TransCanada.

##### VOTING ADVICE TO BENEFICIAL HOLDERS

The information set forth in this section is of significant importance to many shareholders who do not hold their common shares in their own name. Only proxies deposited by shareholders whose names appear on the records of TransCanada as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in your account statement provided by your broker, then, in almost all cases, those common shares will not be registered in your name on the records of TransCanada. Such common shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms. Common shares held by your broker or its nominee can only be voted upon your instructions. Without specific instructions, your broker, its agent or its nominee is prohibited from voting your common shares.

THEREFORE, BENEFICIAL SHAREHOLDERS SHOULD ENSURE THAT INSTRUCTIONS RESPECTING THE VOTING OF THEIR COMMON SHARES ARE COMMUNICATED TO THE APPROPRIATE PERSON.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of a shareholder meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your common shares are voted at the Meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications ("ADP"). ADP mails a voting instruction form in lieu of the form of proxy provided by TransCanada. The voting instruction form will name the same persons as the proxy to represent the shareholder at the Meeting. A shareholder has the right to appoint a person (who need not be a shareholder of TransCanada) other than the persons designated in the voting instruction form, to represent the shareholder at the Meeting. To exercise this right, the shareholder should insert the name of the desired representative in the blank space provided in the voting instruction form. You are asked to complete and return the voting instruction form to ADP by mail or facsimile. Alternately, you can call ADP's toll-free telephone number or access ADP's internet website to vote your common shares. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common

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shares to be represented at the Meeting. IF YOU RECEIVE A VOTING INSTRUCTION FORM FROM ADP, IT CANNOT BE USED AS A PROXY TO VOTE COMMON SHARES DIRECTLY AT THE MEETING AS THE VOTING INSTRUCTION FORM MUST BE RETURNED TO ADP WELL IN ADVANCE OF THE MEETING IN ORDER TO HAVE THE COMMON SHARES VOTED OR TO APPOINT AN ALTERNATIVE REPRESENTATIVE TO ATTEND AT THE MEETING IN PERSON TO VOTE SUCH COMMON SHARES.

IF YOU ARE A BENEFICIAL SHAREHOLDER AND WISH TO VOTE IN PERSON AT THE MEETING, PLEASE CONTACT YOUR BROKER OR AGENT WELL IN ADVANCE OF THE MEETING TO DETERMINE HOW YOU CAN DO SO.

#### REVOCABILITY OF PROXIES

A shareholder may revoke a proxy by depositing an instrument in writing executed by such shareholder or such shareholder's attorney authorized in writing (or, in the case of a corporation, by a duly authorized officer or attorney), either at the registered office of TransCanada, 450 - 1st Street S.W., Calgary, Alberta, T2P 5H1, Attention: Corporate Secretary, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, or with the Chair of the Meeting on the day of the Meeting or an adjournment thereof, or in any other manner permitted by law.

#### VOTING SHARES AND PRINCIPAL SHAREHOLDERS

At February 24, 2004, there were 483,330,775 common shares outstanding. Each common share carries the right to one vote on any matter properly coming before the Meeting. The common shares are TransCanada's only class of outstanding shares.

To the knowledge of the directors and officers of TransCanada, based on information at February 24, 2004, no individual or corporation beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the outstanding common shares.

#### BUSINESS TO BE TRANSACTED AT THE MEETING

This Proxy Circular contains information relating to the receipt of TransCanada's audited consolidated financial statements, the election of directors, the appointment of auditors, the approval of amendments to the

Stock Option Plan, and the continuation and ratification, confirmation and approval of the Shareholder Rights Plan.

1. FINANCIAL STATEMENTS

The audited consolidated financial statements of TransCanada for the year ended December 31, 2003 and the report of the auditors thereon will be placed before the Meeting. These audited consolidated financial statements form part of the 2003 Annual Report of TransCanada, which was mailed to shareholders with the Notice of Meeting and Proxy Circular. Additional copies of the 2003 Annual Report, in English or French, may be obtained from the Corporate Secretary of TransCanada upon request and will be available at the Meeting.

2. ELECTION OF DIRECTORS

TransCanada's articles of incorporation provide for the Board to consist of a minimum of 10 and a maximum of 20 directors. The number of directors presently in office is 12. Mr. J.D. Thompson will retire effective April 23, 2004 and Mr. P.L. Joskow has been named as a new nominee for election.

The Board has set the number of directors to be elected at the Meeting at 12. The nominees for election as directors of TransCanada are:

D.D. Baldwin	P.L. Joskow
W.K. Dobson	H.N. Kvisle
P. Gauthier	D.P. O'Brien
R.F. Haskayne	J.R. Paul
K.L. Hawkins	H.G. Schaefer
S.B. Jackson	W.T. Stephens

TRANSCANADA CORPORATION 5

The Governance Committee of the Board reviews annually the qualifications of persons proposed for election to the Board and submits its recommendations to the Board for consideration. The persons proposed for nomination are, in the opinion of the Board, well qualified to act as directors for the ensuing year. Each nominee has established his or her eligibility and willingness to serve as a director if elected. Each director elected will hold office until the next annual meeting or until his or her successor is earlier elected or appointed.

THE PERSONS NAMED IN THE FORM OF PROXY ARE EITHER OFFICERS OR DIRECTORS OF TRANSCANADA WHO INTEND TO VOTE AT THE MEETING FOR THE ELECTION OF THE NOMINEES WHOSE NAMES ARE SET FORTH ABOVE UNLESS SPECIFICALLY INSTRUCTED ON THE FORM OF PROXY TO WITHHOLD SUCH VOTE.

Set forth in tabular form are the names of the 12 proposed nominees; their municipalities of residence; all positions and offices held by them with TransCanada; their principal occupations or employment during the past five years; the year from which each has continually served as a director of TransCanada, or TransCanada Pipelines Limited ("TCPL") prior to the 2003 arrangement, or NOVA Corporation ("NOVA") prior to the 1998 merger, as applicable; and the number of each class of securities of TransCanada or any of its affiliates owned by each of them or over which control or direction is exercised by each of them:

SECURITIES OWNED, CONTROLLED OR PROPOSED NOMINEE(1) PRINCIPAL OCCUPATION DURING THE PAST FIVE YEARS DIRECTOR SINCE DIRECTED(2)(3)

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Chairman, Talisman Energy Inc. (oil and gas) since 1999 225,865(4)(7)

(10) [DOUGLAS  
D. BALDWIN  
PHOTO] May  
2003. President  
and Chief  
Executive  
Officer, TCPL,  
from August  
1999 to April  
2001. Director,  
Douglas D.  
Baldwin,  
Calgary Airport  
Authority,  
Citadel Group  
of Funds, P.  
Eng. Resolute  
Energy Inc. and  
UTS Energy  
Corporation.  
Calgary,  
Alberta Member,  
Board of  
Governors,  
University of  
Calgary.  
Professor,  
Rotman School  
of Management  
and 1992  
21,965(5)(7)

[WENDY DOBSON  
PHOTO]  
Director,  
Institute for  
International  
Business,  
University of  
Toronto  
(education).  
Director, Wendy  
K. Dobson MDS  
Inc., The  
Toronto-  
Dominion Bank  
and Vice Chair,  
Uxbridge,  
Ontario  
Canadian Public  
Accountability  
Board. Senior  
Partner,  
Desjardins  
DuCharme Stein  
Monast 2002  
9,052(7)

[PAULE  
GAUTHIER PHOTO]  
(law firm).  
Director, Royal  
Bank of Canada,  
The Royal Trust  
Corporation of  
Canada, The  
Royal Trust The  
Hon. Paule  
Gauthier,  
Company,  
Rothmans Inc.  
and Metro Inc.  
Chair, P.C.,  
O.C., O.Q.,  
Q.C. Security  
Intelligence  
Review  
Committee.  
President,  
Quebec, Quebec  
Fondation de la  
Maison Michel  
Sarrazin and  
President,  
Institut  
Quebécois des  
Hautes Etudes  
Internationales,



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SECURITIES  
OWNED,  
CONTROLLED OR  
PROPOSED  
NOMINEE(1)  
PRINCIPAL  
OCCUPATION  
DURING THE  
PAST FIVE  
YEARS  
DIRECTOR  
SINCE  
DIRECTED(2)

(3) -----  
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---- Chairman  
of the Board,  
TransCanada.

Prior to 1998

198,144(6)  
[RICHARD F.  
HASKAYNE  
PHOTO]

February 19,  
2003,  
Chairman,  
Fording Inc.

(coal  
director of  
NOVA and  
wollastonite).

Director,  
EnCana  
Corporation  
and since

1991) Richard  
F. Haskayne,  
Weyerhaeuser  
Company.

O.C., F.C.A.  
Calgary,  
Alberta  
President,  
Cargill

Limited  
(grain  
handlers,  
1996

22,152(7)(8)

[KERRY L.  
HAWKINS  
PHOTO]

merchants,  
transporters,  
processors of  
agricultural  
products and

gas  
marketers).  
Director,  
NOVA Kerry L.

Hawkins  
Chemicals  
Corporation,  
Shell Canada  
Limited and

Winnipeg,  
Manitoba  
Hudson's Bay  
Company.

Chairman,



Chief  
Executive  
Officer,  
TCPL, since  
2001  
555,484(10)  
(11) [HAROLD  
N. KVISLE  
PHOTO] May  
2001 and  
TransCanada  
since May  
2003.  
Executive  
Vice-  
President,  
Trading and  
Business  
Development,  
Harold N.  
Kvisle, TCPL,  
from June  
2000 to April  
2001. Senior  
Vice- P. Eng.  
President,  
Trading and  
Business  
Development,  
TCPL,  
Calgary,  
Alberta from  
April 2000 to  
June 2000.  
Senior Vice-  
President and  
President,  
Energy  
Operations,  
TCPL, from  
September  
1999 to April  
2000. Prior  
to September  
1999,  
President,  
Fletcher  
Challenge  
Energy Canada  
Inc. (oil and  
gas).  
Director,  
Norske Skog  
Canada  
Limited,  
PrimWest  
Energy Inc.,  
TransCanada  
Power, L.P.,  
Chair,  
Interstate  
National Gas  
Association  
of America  
and Chair,  
Mount Royal  
College.  
Chairman,  
EnCana  
Corporation  
since April  
2002 (oil  
2001  
18,052(7)  
[DAVID P.  
O'BRIEN  
PHOTO] and  
gas).  
Chairman and  
Chief  
Executive  
Officer,  
PanCanadian  
Energy  
Corporation

(oil and gas), from David P. O'Brien October 2001 to April 2002. Chairman, President and Calgary, Alberta Chief Executive Officer, Canadian Pacific Limited, from May 1996 to October 2001 (energy, transportation and hotels). Director, Royal Bank of Canada, Fairmont Hotels & Resorts Inc., Inco Limited, Molson Inc., Profico Energy Management Ltd. and The E & P Limited Partnership. Chairman, James and Associates (private investment 1996 18,610(7) [JAMES R. PAUL PHOTO] firm). Member of the Advisory Board, AMEC PLC. James R. Paul Kingwood, Texas President, Schaefer & Associates (business advisory 1987 37,826(7)(12) [HARRY G. SCHAEFER PHOTO] services). Vice-Chairman of the Board, TransCanada, since 1998. Chairman, Crestar Energy Inc. (oil and Harry G. Schaefer, gas), from May 1996 to November 2000. Director, F.C.A. Agrium Inc. and Fording Canadian Coal Trust. Calgary, Alberta Chairman,

Alberta  
Chapter,  
Institute of  
Corporate  
Directors and  
Chair, The  
Mount Royal  
College  
Foundation.

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SECURITIES  
OWNED,  
CONTROLLED OR  
PROPOSED  
NOMINEE(1)  
PRINCIPAL  
OCCUPATION  
DURING THE  
PAST FIVE  
YEARS  
DIRECTOR  
SINCE  
DIRECTED(2)  
(3) -----  
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Corporate  
Director.  
Chief  
Executive  
Officer, 1999  
22,800(7) [w.  
THOMAS  
STEPHENS  
PHOTO]  
MacMillan  
Bloedel  
Limited  
(forest  
products),  
from October  
1997 to  
October 1999.  
Director,  
Xcel W.  
Thomas  
Stephens  
Energy Inc.,  
Norske Skog  
Canada  
Limited,  
Qwest  
Greenwood  
Village,  
Colorado  
Communications  
International  
Inc. and The  
Putnam Funds.

NOTES:

- (1) WITH THE EXCEPTION OF MESSRS. JOSKOW, PAUL, AND STEPHENS, WHO ARE U.S. RESIDENTS, ALL NOMINEES ARE CANADIAN RESIDENTS.
- (2) THE INFORMATION AS TO SHARES BENEFICIALLY OWNED OR OVER WHICH CONTROL OR DIRECTION IS EXERCISED, NOT BEING WITHIN THE KNOWLEDGE OF TRANSCANADA, HAS BEEN FURNISHED BY EACH OF THE NOMINEES. EXCEPT AS INDICATED IN THESE NOTES, THE NOMINEES HAVE SOLE VOTING AND DISPOSITIVE POWER WITH RESPECT TO THE SECURITIES LISTED ABOVE. AS TO EACH CLASS OF SHARES OF TRANSCANADA, THE PERCENTAGE OF OUTSTANDING SHARES BENEFICIALLY OWNED BY ANY ONE DIRECTOR OR NOMINEE OR BY ALL DIRECTORS AND OFFICERS OF TRANSCANADA AS A GROUP DOES NOT EXCEED 1% OF THE CLASS OUTSTANDING.

- (3) VOTING SECURITIES INCLUDE COMMON SHARES THAT CERTAIN OF THE DIRECTORS HAVE A RIGHT TO ACQUIRE THROUGH THE EXERCISE OF STOCK OPTIONS THAT ARE VESTED UNDER THE STOCK OPTION PLAN (SEE NOTES 6 AND 10), AND COMMON SHARES WHICH ELIGIBLE DIRECTORS MAY ACQUIRE UNDER THE SHARE UNIT PLAN FOR NON-EMPLOYEE DIRECTORS (1998) (SEE NOTE 7), BOTH OF WHICH PLANS ARE DESCRIBED ELSEWHERE IN THIS PROXY CIRCULAR.
- (4) THE SHARES LISTED ALSO INCLUDE 100 CUMULATIVE REDEEMABLE FIRST PREFERRED SHARES SERIES U AND 500 CUMULATIVE REDEEMABLE FIRST PREFERRED SHARES, SERIES Y OF TCPL, AND 2,000 UNITS OF TRANSCANADA POWER, L.P.
- (5) THE SHARES LISTED INCLUDE 1,000 UNITS OF TRANSCANADA POWER, L.P.
- (6) PART OF THE COMPENSATION OF THE DIRECTORS WHO WERE FORMERLY DIRECTORS OF NOVA WAS THE GRANTING OF OPTIONS UNDER NOVA'S STOCK OPTION PLAN. AS PART OF THE 1998 MERGER WITH NOVA, ALL NOVA OPTIONS WERE CONVERTED INTO OPTIONS OF BOTH NOVA CHEMICALS CORPORATION (A SEPARATE PUBLIC COMMODITY CHEMICALS COMPANY) AND TCPL. AS A RESULT, THE DIRECTORS WHO WERE FORMERLY DIRECTORS OF NOVA HOLD OPTIONS UNDER THE STOCK OPTION PLAN, WHICH IS OTHERWISE RESTRICTED TO EMPLOYEES OF TRANSCANADA. UNDER THE STOCK OPTION PLAN, MR. HASKAYNE HAS THE RIGHT TO ACQUIRE 39,072 SHARES.
- (7) UNDER THE SHARE UNIT PLAN FOR NON-EMPLOYEE DIRECTORS (1998), THESE DIRECTORS MAY ACQUIRE THE FOLLOWING COMMON SHARES: MR. BALDWIN -- 8,052 SHARES, MS. DOBSON -- 17,965 SHARES, MRS. GAUTHIER -- 8,052 SHARES, MR. HAWKINS -- 18,355 SHARES, MR. JACKSON -- 3,031 SHARES, MR. O'BRIEN -- 8,052 SHARES AND MR. SCHAEFER -- 9,610 SHARES. MR. PAUL AND MR. STEPHENS, AS U.S. RESIDENTS, ARE INSTEAD ENTITLED TO RECEIVE THE CASH EQUIVALENT TO 9,610 AND 20,800 SHARES, RESPECTIVELY. A DIRECTOR CANNOT REDEEM DEFERRED SHARE UNITS UNTIL THE DIRECTOR CEASES TO BE A MEMBER OF THE BOARD.
- (8) THE SHARES LISTED INCLUDE 2,500 SHARES HELD BY MR. HAWKINS' WIFE.
- (9) THE SHARES LISTED INCLUDE 5,000 UNITS OF TRANSCANADA POWER, L.P. AND 8,000 COMMON SHARES HELD BY MR. JACKSON'S WIFE.
- (10) MR. KVISLE, AS AN EMPLOYEE OF TRANSCANADA, HAS THE RIGHT TO ACQUIRE 516,667 COMMON SHARES UNDER VESTED STOCK OPTIONS, WHICH AMOUNT IS INCLUDED IN THIS COLUMN. MR. BALDWIN, AS FORMER PRESIDENT AND CHIEF EXECUTIVE OFFICER OF TCPL, ALSO HAS THE RIGHT TO ACQUIRE 200,000 COMMON SHARES UNDER VESTED STOCK OPTIONS, WHICH AMOUNT IS INCLUDED IN THIS COLUMN.
- (11) MR. KVISLE, AS AN EMPLOYEE OF TRANSCANADA, PARTICIPATES IN THE EMPLOYEE STOCK SAVINGS PLAN WHICH IS DESCRIBED ELSEWHERE IN THIS PROXY CIRCULAR; HIS HOLDINGS IN THIS PLAN AND 1,000 UNITS OF TRANSCANADA POWER, L.P. ARE INCLUDED IN THIS COLUMN.
- (12) THE SHARES LISTED INCLUDE 700 COMMON SHARES HELD BY MR. SCHAEFER'S WIFE AND 5,500 COMMON SHARES HELD BY A COMPANY CONTROLLED BY MR. SCHAEFER'S WIFE. MR. SCHAEFER DISCLAIMS BENEFICIAL OWNERSHIP OF SUCH SHARES.

Mr. Joseph D. Thompson will retire from the Board effective April 23, 2004. Management and the Board acknowledge with gratitude the valuable contributions of Mr. Thompson over the past nine years to the TransCanada board of directors. Mr. Paul L. Joskow has been named as a new nominee for election.

### 3. APPOINTMENT OF AUDITORS

The Board recommends that KPMG LLP, Chartered Accountants, be reappointed as TransCanada's auditors to hold office until the close of the next annual meeting and that the directors be authorized to fix their remuneration as such. KPMG LLP have served as the auditors of TransCanada since 1956. The

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appointment of auditors will be decided by a simple majority of votes cast by holders of common shares at the Meeting.

The aggregate fees for professional services rendered by KPMG LLP for the TransCanada group of companies for the 2003 and 2002 fiscal years are shown in the table below:

2003	2002	Fees in millions of dollars	
		Audit	
Fees.....		\$1.80	\$1.80
		Audit-Related	
Fees(1).....		0.05	0.02
		Tax	
Fees(2).....		0.06	0.10
		All Other	

Fees(3).....	0.05 --
	-----
Total.....	\$1.96 \$1.92 =====

NOTES:

- (1) AUDIT-RELATED FEES PRIMARILY RELATE TO AUDITS OF COMPANY APPROVED PENSION PLANS.
- (2) TAX FEES PRIMARILY RELATE TO TAX ADVICE AND COMPLIANCE.
- (3) ALL OTHER FEES PRIMARILY RELATE TO SARBANES-OXLEY ACT OF 2002 COMPLIANCE WORK.

Representatives of KPMG LLP will be present at the Meeting, will be given the opportunity to make a statement if they so wish and will respond to appropriate questions.

4. AMENDMENTS TO THE STOCK OPTION PLAN

In 1995 TCPL established the Key Employee Stock Incentive Plan (1995) (the "1995 Option Plan"). The 1995 Option Plan was subsequently amended, with the approval of the shareholders of that company, on May 19, 1998. As part of the Arrangement with TCPL effective May 15, 2003, a stock option plan (the "Stock Option Plan") was adopted by TransCanada with substantially the same terms and conditions as the 1995 Option Plan, as amended.

The Toronto Stock Exchange (the "TSX") requires that a share compensation arrangement be affirmed by the affirmative votes of a simple majority of votes cast at the Meeting, excluding votes attaching to the common shares beneficially owned by insiders to whom the common shares may be issued pursuant to the Stock Option Plan and associates of these insiders. To the best of TransCanada's knowledge, 713,560 of the common shares are held by such insiders and their associates and will not be counted for the purpose of determining whether the required level of shareholder approval has been obtained.

Shareholders will be asked at the Meeting to consider and, if deemed advisable, to approve, by a simple majority of votes cast at the Meeting (other than votes attaching to the common shares beneficially owned by insiders to whom the common shares may be issued pursuant to the Stock Option Plan, or associates of such insiders) a resolution, the text of which is set out in Schedule "A" of this Proxy Circular (the "Option Plan Resolution") to approve certain amendments to the Stock Option Plan. See "Report on Executive Compensation -- Long-Term Incentive Plans -- Stock Option Plan". If the Option Plan Resolution is not passed, the Stock Option Plan will continue on the same terms as it was the day before the Meeting.

The Board of Directors has approved, subject to shareholder approval, certain amendments to the Stock Option Plan, the effects of which are as follows:

- i) to confirm the Stock Option Plan in place until the close of business on the date of TransCanada's 2007 annual meeting of common shareholders. Currently, the Stock Option Plan has an expiry date of December 31, 2004; and
- ii) to increase by 1,000,000 the total number of common shares reserved for issuance under the Stock Option Plan.

When it was established, 10,000,000 common shares were reserved for issuance under the 1995 Option Plan. An additional 15,000,000 common shares were reserved for issuance under the 1995 Option Plan at the time

10 TRANSCANADA CORPORATION

of the merger with NOVA Corporation on July 2, 1998. There are currently 3,675,445 common shares reserved for issuance under future awards of options under the Stock Option Plan.

Shareholders are being requested to approve an increase in the number of common shares reserved for issuance under the Stock Option Plan by 1,000,000. This is considered a sufficient number of common shares to adequately provide for all option awards for the next three years. Shareholders will be asked to approve the Stock Option Plan in another three years.

The Board of Directors unanimously recommends that shareholders vote in favour of the Option Plan Resolution.

5. APPROVAL OF THE SHAREHOLDER RIGHTS PLAN

On December 2, 1994, TCPL implemented its Shareholder Rights Plan (the

"Shareholder Rights Plan"). The Shareholder Rights Plan was subsequently amended, with the approval of the shareholders of that company, as of April 7, 1995, May 19, 1998, and April 27, 2001. As part of the Arrangement with TCPL effective May 15, 2003, the Shareholder Rights Plan was adopted by TransCanada with substantially the same terms and conditions as the TCPL Shareholder Rights Plan.

Shareholders will be asked at the Meeting to consider and, if deemed advisable, to approve, by a simple majority of votes cast at the Meeting, a resolution, the text of which is set forth in Schedule "B" of this Proxy Circular (the "Rights Plan Resolution"), to continue and ratify, confirm and approve the Shareholder Rights Plan. For the Shareholder Rights Plan to continue in effect after the Meeting, the Rights Plan Resolution must be passed by a majority vote of common shareholders represented at the Meeting. If the Rights Plan Resolution is not passed, the Rights Plan will terminate.

The Board of Directors has determined that the Shareholder Rights Plan continues to be in the best interests of TransCanada and the shareholders. The Board of Directors unanimously recommends that shareholders vote in favour of the Rights Plan Resolution. A summary of the Shareholder Rights Plan is also set out in Schedule "B" to this Proxy Circular.

## 6. SHAREHOLDER PROPOSALS

Pursuant to Canadian law, shareholder proposals to be considered for inclusion in the management proxy circular for the 2005 annual meeting of holders of common shares must be received by the Corporate Secretary of TransCanada on or before the close of business on December 24, 2004. No shareholder proposals were received in respect of the Meeting.

## COMPENSATION AND OTHER INFORMATION

### COMPENSATION OF DIRECTORS

TransCanada's directors also serve as directors of TCPL. An aggregate fee is paid for serving on the board of TransCanada and for serving on the board of TCPL. Since TransCanada does not hold any assets directly other than the common shares of TCPL and does not raise public debt, all directors' costs are assumed by TCPL according to a management services agreement between the two companies.

### GENERAL

TransCanada's directors' compensation practices are designed to reflect the size and complexity of TransCanada and to reinforce the emphasis TransCanada places on shareholder value by linking a portion of directors' compensation to the value of common shares. TransCanada requires each director to acquire and hold a minimum number of common shares equal in value to five times the director's annual cash retainer fee. Directors have a maximum of five years to reach this level of share ownership. The level of ownership can be achieved by direct purchase of common shares, by participation in the TransCanada Dividend Reinvestment Plan or by means of directing cash retainer fees into, or otherwise acquiring units under, the Share Unit Plan for Non-Employee Directors (1998) (the "DSU Plan"), described elsewhere in this Proxy Circular. All directors hold the minimum number of common shares.

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### BOARD AND COMMITTEE REMUNERATION

For the financial year ended December 31, 2003, each director who was not an employee of TransCanada, other than the Chair, was paid in quarterly instalments in arrears as follows:

Retainer fee.....	\$27,000 per annum
Committee retainer fee.....	\$3,000 per annum
Committee Chair retainer fee.....	\$4,000 per annum
Board and Committee attendance fee.....	\$1,500 per meeting
Committee Chair attendance fee.....	\$1,500 per meeting

The Chair, who was paid none of the directors' fees outlined above, was paid a retainer fee of \$300,000 per annum in respect of his duties as Chair, \$3,000 per chaired board meeting, and was reimbursed for certain office and other expenses. The Vice-Chair was paid a retainer fee of \$12,000 per annum in respect of his duties as Vice-Chair, in addition to his other director's fees as outlined above. Additionally, directors other than the Chair and any director who is an employee of TransCanada, receive in respect of their service as directors, an annual grant of units under the DSU Plan. See "Deferred Share Unit Plan for Directors". Fees are paid quarterly and are pro-rated from the date of the director's appointment to the Board and the relevant committees.



TransCanada pays a travel fee of \$1,500 per meeting for which round trip travel time exceeds three hours, and reimburses the directors for out-of-pocket expenses incurred in attending such meetings. Directors who are U.S. residents are paid the same amounts as outlined above in U.S. dollars.

CASH FEES PAID TO DIRECTORS IN 2003(1)

COMMITTEE	COMMITTEE	BOARD	COMMITTEE	RETAINER	RETAINER	CHAIR	RETAINER	ATTENDANCE	ATTENDANCE	TRAVEL	TOTAL	FEES	NAME
FEE	FEE	FEE	FEE	FEE	FEE	FEE	FEE	FEE	FEE	FEE	FEE	FEE	
FEE PAID	----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
													Douglas
Baldwin(2)	.....												
\$ 27,000	\$6,000	\$4,000											
\$16,500	\$16,500	\$											
1,500	\$ 71,500	Wendy											
Dobson(2)	.....												
27,000	6,000	4,000											
16,500	12,000	9,000											
74,500	Paule												
Gauthier	.....												
27,000	6,000	N/A											
18,000	13,500	10,500											
75,000	Richard												
Haskayne(3)	.....												
339,000	N/A	N/A	N/A										
N/A	1,500	340,500											
Kerry													
Hawkins(2)	.....												
27,000	6,000	4,000											
18,000	19,500	12,000											
86,500	Barry												
Jackson	.....												
27,000	6,000	N/A											
19,500	13,500	1,500											
67,500	David												
O'Brien	.....												
27,000	6,000	N/A											
13,500	4,500	1,500											
52,500	James												
Paul(4)	.....												
27,000	6,000	N/A											
19,500	12,000	10,500											
75,000	Harry												
Schaefer(2)													
(5)	.....	39,000											
6,000	25,647	19,500											
21,000	N/A	89,500	W.										
Thomas													
Stephens(4)	.....												
27,000	6,000	N/A											
19,500	9,000	12,000											
73,500	Joseph												
Thompson	.....												
27,000	6,000	N/A											
18,000	10,500	12,000											
73,500													

NOTES:

- (1) FEES ARE AGGREGATE AMOUNTS RESPECTING DUTIES PERFORMED ON BOTH TRANSCANADA AND TCPL BOARDS.
- (2) THE COMMITTEE CHAIR RETAINER FEE AMOUNT INCLUDES FEES PAID IN ADDITION TO THE COMMITTEE RETAINER FEE IN RESPECT OF DUTIES PERFORMED AND MEETINGS HELD IN PREPARATION FOR COMMITTEE MEETINGS.
- (3) THE RETAINER FEE AMOUNT INCLUDES THE FEE OF \$3,000 IN RESPECT OF EACH BOARD MEETING CHAIRED.
- (4) U.S. DIRECTORS ARE PAID THESE DOLLAR AMOUNTS IN U.S. DOLLARS.
- (5) THE RETAINER FEE AMOUNT INCLUDES THE FEE OF \$12,000 IN RESPECT OF DUTIES PERFORMED AS VICE-CHAIR.



H.N. Kvisle  
2003 772,503  
900,000 69,108  
165,000  
1,961,538  
53,915  
President and  
2002 726,252  
1,000,000  
93,230 200,000  
1,095,000 0  
Chief Executive  
Officer 2001  
627,091 959,000  
32,999  
250,000(6) 0 0

----- R.K.  
Girling 2003  
443,751 430,000  
39,611 60,000  
784,570 21,566  
Executive Vice-  
President, 2002  
420,003 480,000  
26,904 80,000  
438,000 6,575  
Corporate  
Development and  
2001 395,001  
440,000 26,812  
65,000 0 6,561  
Chief Financial  
Officer -----

A.J. Pourbaix  
2003 382,506  
430,000 51,638  
60,000 700,552  
21,566  
Executive Vice-  
President, 2002  
322,500 480,000  
14,790 80,000  
438,000 6,575  
Power 2001  
290,001 440,000  
13,487 65,000 0  
0 -----

----- R.J.  
Turner 2003  
447,501 300,000  
64,233 40,000  
577,272 16,175  
Executive Vice-  
President, 2002  
436,254 340,000



UNITS WAS APPROVED IN FEBRUARY 2004 AT AN AWARD PRICE OF \$26.80. THE INITIAL AWARD OF UNITS UNDER THE EXECUTIVE SHARE UNIT PLAN APPROVED IN FEBRUARY 2003 IS DESCRIBED IN THE MANAGEMENT PROXY CIRCULAR DATED FEBRUARY 25, 2003. VESTING OF ANY OR ALL OF THESE UNITS IS PERFORMANCE BASED, AND AS SUCH A DISCOUNT FACTOR WAS APPLIED WHEN DETERMINING THE NUMBER OF UNITS AWARDED FOR EACH OF THE FINANCIAL YEARS. SEE "REPORT ON EXECUTIVE COMPENSATION -- EXECUTIVE SHARE UNIT PLAN". THE AGGREGATE NUMBER OF UNITS HELD AT DECEMBER 31, 2003 AND THEIR VALUES AT THEIR RESPECTIVE AWARD DATES ARE AS FOLLOWS:

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RESTRICTED  
 SHARE  
 UNITS  
 VALUE AT  
 HELD AT  
 DECEMBER  
 31, 2003  
 AWARD DATE  
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H. N.  
 Kvisle  
 52,210  
 \$1,148,915

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----- R.K.  
 Girling  
 20,884  
 459,566 --

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--- A.J.  
 Pourbaix  
 20,884  
 459,566 --

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--- R.J.  
 Turner  
 15,663

344,675 --

--- D.J.  
McConaghy  
15,663  
344,675 --

(5) THE AMOUNTS IN THE COLUMN "RESTRICTED SHARE UNITS" WERE REPORTED IN THIS COLUMN IN THE MANAGEMENT PROXY CIRCULAR DATED FEBRUARY 25, 2003. FOR 2003, THE AMOUNTS IN THIS COLUMN INCLUDE THE VALUE OF ADDITIONAL UNITS ACQUIRED THROUGH THE REINVESTMENT OF DIVIDEND EQUIVALENTS ACCRUED ON OUTSTANDING UNITS UNDER THE EXECUTIVE SHARE UNIT PLAN. FOR 2002 AND 2001, THE AMOUNTS IN THIS COLUMN ALSO INCLUDE AMOUNTS CONTRIBUTED BY TRANSCANADA TO THE NAMED EXECUTIVE OFFICER UNDER THE DEFINED CONTRIBUTION PENSION PLAN. SEE "PENSION AND RETIREMENT BENEFITS".

(6) MR. KVISLE WAS APPOINTED PRESIDENT AND CHIEF EXECUTIVE OFFICER OF TCPL ON MAY 1, 2001 AND RECEIVED AN AWARD OF 100,000 STOCK OPTIONS UPON APPOINTMENT.

LONG-TERM INCENTIVE PLANS

PERFORMANCE UNIT PLAN ACCRUALS FOR 2003

The following table sets forth information regarding Performance Unit Plan awards made to the Named Executive Officers. Effective December 31, 2002 no further awards will be made under the Performance Unit Plan. The estimated future payouts set out in the table include all accruals up to and including the

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accrual approved on February 23, 2004 which accrual is attributable to 2003 performance. See "Report on Executive Compensation -- Performance Unit Plan" for information with respect to this plan.

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ESTIMATED  
FUTURE  
PAYOUTS  
UNDER NON-  
SECURITIES  
PRICE-BASED  
PLANS(3) ---

UNITS(1)  
PERIOD UNTIL  
THRESHOLD  
TARGET  
MAXIMUM NAME  
(#)  
MATURATION(2)  
(\$ OR #) (\$



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- A.J.  
Pourbaix  
65,000  
February 25,  
2012 N/A N/A  
132,275  
35,000  
February 27,  
2011 N/A N/A  
102,725  
20,000  
February 28,  
2010 N/A N/A  
76,300  
20,000  
February 1,  
2010 N/A N/A  
76,300  
20,000 March  
1, 2009 N/A  
N/A 76,300  
17,500  
December 3,  
2008 N/A N/A  
66,763 -----  
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R.J. Turner  
50,000  
February 25,  
2012 N/A N/A  
101,750  
42,500  
February 27,  
2011 N/A N/A  
124,738  
35,000  
February 28,  
2010 N/A N/A  
133,525  
50,000  
February 1,  
2010 N/A N/A  
190,750  
20,000 July  
29, 2009 N/A  
N/A 76,300  
40,000 March  
1, 2009 N/A  
N/A 152,600  
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----- D.J.  
McConaghy  
45,000  
February 25,  
2012 N/A N/A  
91,575  
35,000  
February 27,  
2011 N/A N/A  
102,725  
20,000  
February 28,  
2010 N/A N/A  
76,300  
20,000  
February 1,  
2010 N/A N/A  
76,300















207,000  
276,000  
345,000  
414,000  
483,000 --

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1,000,000  
173,000  
260,000  
346,000  
433,000  
519,000  
606,000 --

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1,200,000  
208,000  
312,000  
416,000  
520,000  
624,000  
728,000 --

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1,400,000  
243,000  
365,000  
486,000  
608,000  
729,000  
851,000 --

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1,600,000  
278,000  
417,000  
556,000  
695,000  
834,000  
973,000 --

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The Committee reviews overall compensation policies and approves the salary and other remuneration to be awarded to executive officers of TransCanada. TransCanada has adopted a market based compensation program which is designed to be competitive in attracting and retaining employees and to appropriately reward accomplishments and results through pay for performance. The program is comprised of four components: base salary, short-term, mid-term and long-term incentive compensation. The program provides for a combination of competitive base salary and performance-based incentive programs that focus on business achievements, fulfillment of individual objectives and overall job performance. There is a particular focus on reinforcing commitment to maximize shareholder value. Business and individual performance targets are set annually. If actual performance meets objectives, an individual's total direct compensation is designed to be comparable to the median of the market. If actual performance exceeds those targets, an individual's total direct compensation is designed to be competitive with compensation levels in other top performing companies within the comparator group.

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In addition, effective January 1, 2003, senior officers of TransCanada were given guidelines to achieve an ownership stake in TransCanada that is significant in relation to their base salary. Officers have five years to meet these ownership guidelines, which are:

President and Chief Executive Officer.....	3 times Base Salary
Executive Vice-Presidents.....	2 times Base Salary
Certain Senior Executives.....	1 times Base Salary

In calculating their ownership in TransCanada, officers are entitled to include the value of shares owned, and any units held under the Executive Share Unit Plan, described elsewhere in this Proxy Circular. Pursuant to TransCanada's stock ownership guidelines, as at December 31, 2003 the CEO held a current value of \$2,543,073 in eligible shares. This is equivalent to 3.24 times his 2003 base salary.

The pay mix as between base salary and performance based incentive programs for the Named Executive Officers ranges from 26% to 37% of total direct compensation in base pay and 63% to 74% of total direct compensation in performance based incentives.

When determining the level of individual executive compensation, the Committee considers market compensation data, which is provided by independent compensation consultants. This compensation data comprises aggregate compensation market data from other Canadian based companies (head office or subsidiary offices) of similar size and scope to TransCanada, determined by revenue, assets, market capitalization, number of employees and industry. The industry data utilized is derived from and includes oil and gas (upstream, downstream, heavy oil), pipeline, transportation and, for the power business, electric utilities. This group of companies is referred to in this report as the "comparator group".

For 2003, TransCanada's objectives focused on the diligent and disciplined implementation of TransCanada's key strategies for growth and value creation. Performance against these strategies delivered strong financial results with an increase in earnings compared to 2002 and continued strong cash flows. Specifically:

- Net income from continuing operations per share in 2003 was \$1.66 compared to \$1.56 in 2002;
- Funds generated from continuing operations in 2003 were approximately \$1.8 billion; and
- Total shareholder return was 27% in 2003.

BASE SALARIES

Base salaries for the Named Executive Officers are considered against the market compensation data for similar roles and levels of responsibility within the comparator group. Individual salaries are based on the Named Executive Officer's performance contribution to TransCanada, as assessed by the President and Chief Executive Officer and the Committee, and approved by the Committee.

SHORT-TERM INCENTIVE COMPENSATION

Annual incentive compensation is designed to link total cash (base salary and short-term incentive awards combined) compensation levels to the achievement of business and individual goals. The plan provides for annual

cash awards based on individual contribution to TransCanada's results, measured against objectives that are determined at the beginning of each year with an emphasis placed on the individual's performance or contribution toward financial objectives.

If individual threshold performance levels are not reached, no incentive is payable; if target performance levels are reached, the notional market target award is payable. The plan also provides for incentive payments in excess of the notional market target award, at the discretion of the President and Chief Executive Officer and in consultation with the Committee, if performance in a year is superior or exceptional.

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#### MID-TERM INCENTIVE PROGRAM

##### EXECUTIVE SHARE UNIT PLAN

The Named Executive Officers participate in a mid-term incentive program, the Executive Share Unit Plan (the "ESU Plan") implemented on February 24, 2003. The ESU Plan is an integral part of TransCanada's competitive compensation program and is performance driven in that it aligns the individual performance of TransCanada's officers, including the Named Executive Officers, with the achievement of TransCanada's financial objectives and shareholder interests. Under the ESU Plan, the Named Executive Officers are eligible for an annual award of a certain number of units as determined at the discretion of the Committee. The Committee will consider an individual's performance, level of responsibility, number of stock options awarded, the market value of TransCanada's ESU and stock option awards in comparison to the market data of its competitors, and the degree to which each executive's potential and contribution will be key to the success of TransCanada in determining the size of the unit award for each individual executive officer.

At the time of an award, each ESU unit represents one common share and, during the three year vesting cycle, at the time dividends are declared on the common shares each unit accrues an amount equal to such dividends, which amount is then reinvested at such time in additional units at a price equal to the market value of a common share. At the end of three years, provided that the pre-determined corporate performance criteria (as discussed below) are met, the units will vest. Upon vesting, the units held will be valued based on the current share price (a weighted average closing price on the Toronto Stock Exchange ("TSX") during the five trading days immediately prior to the valuation date) of the common shares.

At the time of an award, the Committee will set predetermined corporate performance criteria as a target and a threshold. If at the end of the three year term the target is achieved or exceeded, 100% of the units held will vest and, if only the threshold is achieved, 50% of the units held will vest. If the threshold is not achieved, none of the units held will vest. In the event that the threshold is exceeded but the target is not achieved, the Committee will have the discretion to determine on a PRO RATA basis the number of units that vest. Awards are based on the target and threshold and are measured with respect to the absolute total shareholder return ("TSR"), the relative TSR as compared to other specified comparison companies (these include Canadian and U.S. organizations with comparable business models and a sample of the Standard & Poor's ("S&P")/TSX 60 index companies) and corporate financial performance (earnings per share (EPS) and funds generated from continuing operations).

#### LONG-TERM INCENTIVE PROGRAM

##### STOCK OPTION PLAN

The Named Executive Officers, as well as other key employees, are eligible to participate in the Stock Option Plan. See "Business to be Transacted at the Meeting -- Amendments to the Stock Option Plan.

The Stock Option Plan is a component of the Named Executive Officers' total compensation program. The Stock Option Plan is intended to reinforce executive officer commitment to the long-term growth and profitability of TransCanada and shareholder value. The size of the annual stock option award to individual executive officers is determined by considering individual performance, level of responsibility, authority and overall importance to the current welfare of TransCanada, and the degree to which each executive officer's long-term potential and contribution will be key to the long-term success of TransCanada. The Committee has flexibility in the determination of the size of the award, the vesting date and expiry date for any options awarded; and, when making its decisions, takes into account all relevant circumstances (including the value of TransCanada's stock option awards in comparison with its competitors and the number of units awarded under the ESU Plan). In the case of stock options, executive officers benefit only if the market value of the stock subject to the option at the time of exercise is greater than that at the time of the award.

The Stock Option Plan is administered by the Committee. The exercise price of options is determined by the Committee at the time options are awarded and is equal to the higher of the closing price of common shares on the date of the award and the weighted average closing price of the common shares on the TSX during the five trading days immediately preceding the date of the award. Options awarded under the Stock Option Plan up to and including the 2002 award vest as to 25% on the date of award and then 25% on each

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anniversary thereafter for a period of three years and will be eligible to be exercised until their expiry date, which is generally ten years from the date on which they were awarded. Options awarded under the Stock Option Plan since 2003 will vest as to 33 1/3% on each anniversary of the date of award for a period of three years. Such options will be eligible to be exercised until their expiry, which will generally be seven years from the date on which they were granted.

The total number of common shares originally reserved for issuance under the 1995 Option Plan was 25,000,000. As at December 31, 2003, approximately 10,355,000 common shares were issuable under outstanding options under the Stock Option Plan. As at February 24, 2004, approximately 11,555,000 common shares were issuable under outstanding options under the Stock Option Plan. Exercise prices for unexercised, issued options range from \$10.03 to \$26.85, with expiry periods ranging from March 4, 2004 to February 25, 2012.

### PERFORMANCE UNIT PLAN

The Performance Unit Plan was established in 1995, has been amended from time to time and is administered by the Committee. The Named Executive Officers, as well as other key employees, participate in the plan. In July 2002, the Committee amended the plan to provide that no further units would be granted under the plan. Accruals on outstanding performance units, however, will continue in accordance with the plan until 2012.

Under the Performance Unit Plan, a unit accrues annually a cash amount which is no greater than the dividends paid on a common share for the preceding financial year if TransCanada's total shareholder return is equal to or greater than that of the peer group index for such financial year. If TransCanada's total shareholder return is less than that of the peer group index for such year, the Committee may award a lesser amount.

A performance unit may be redeemed for the dollar value accrued on the unit beginning on the third anniversary of the award date, the vesting date, and is deemed to be automatically redeemed on the tenth anniversary of the award date. However, at the time of exercise the market price of a common share plus the amount accrued on the unit must be equal to or greater than the market price of a common share on the award date of the unit, and the Stock Option awarded on the same date as the unit must have been previously exercised provided such exercise was not prior to the unit's vesting date.

As at December 31, 2003, approximately 7,550,000 units under the Performance Unit Plan were outstanding. As at February 24, 2004, approximately 7,519,000 units under the Performance Unit Plan were outstanding.

### EMPLOYEE STOCK SAVINGS PLAN

Named Executive Officers participate in the Employee Stock Savings Plan on the same basis as all other TransCanada employees. Each employee may direct a payroll deduction toward the purchase of common shares. TransCanada matches the employee-directed purchase in an amount equal to 25% of the employee amount to a maximum additional TransCanada contribution of 1% of the employee's base salary. The shares purchased and the dividends paid on those shares are allocated to the employee account and vest immediately.

### COMPENSATION OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

Mr. Kvisle's compensation is established with reference to the comparator group. The Committee makes recommendations to the Board regarding Mr. Kvisle's compensation on the same performance-related basis as for the other executive officers including a review of the CEO's success with respect to all of his personal objectives. There are no established weightings or formulaic calculations used in assessing Mr. Kvisle's performance against objectives. The Committee considered weightings but made a decision to use discretion instead, but place a higher emphasis on financial results such as EPS, earnings before interest, taxes, depreciation and amortization (EBITDA) and TEV/EBITDA (total enterprise value divided by EBITDA). Mr. Kvisle's compensation is comprised of base salary, incentive compensation and participation

## TRANSCANADA CORPORATION 21

in the ESU Plan, Stock Option Plan, Performance Unit Plan, Employee Stock Savings Plan, and Registered Pension Plan and Executive Supplemental Pension Plan. See "Compensation and Other Information -- Employment Contracts".

The President and Chief Executive Officer's 2003 personal objectives focused on maximizing shareholder value by providing strong corporate leadership in the pursuit of growth and value creation through business development opportunities in the pipeline and power businesses; optimizing company assets through active portfolio management and adhering to operationally excellent business practices; and, building management teams at all levels of the organization capable of delivering business results in line with investors expectations. Advancing TransCanada's position in the overall energy value chain by building long-term winning relationships is an ongoing priority for Mr. Kvisle. In 2003, his attention was concentrated on eastern customers, members of the Canadian Association of Petroleum Producers (CAPP), and northern constituencies, and he was appointed as the first Canadian chair of the Board of Directors of the Interstate National Gas Association of America (INGAA).

The level of focused and strategic leadership provided by Mr. Kvisle resulted in net income, earnings per share, and TSR in excess of objectives, positioning TransCanada to capture opportunities that create significant value for shareholders in the short term and over the long term.

The Board is of the view that Mr. Kvisle's contribution to TransCanada's achievements in 2003 was superior, resulting in his compensation being in excess of the median of the comparator group. In the determination of Mr. Kvisle's total direct compensation for 2003, the Board considered the achievement of the corporate and personal objectives and goals (both financial and non-financial) as well as any significant economic, industrial, or market circumstances that influenced the performance of TransCanada. In this regard, the Board determined that all financial objectives of TransCanada were met with the majority exceeding target.

Submitted by the Human Resources Committee of the Board:

K.L. Hawkins (Chair)	W.T. Stephens
W.K. Dobson	J.D. Thompson
D.P. O'Brien	

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PERFORMANCE GRAPH

The following chart compares the five-year cumulative total shareholder return on the TransCanada (formerly TCPL) common shares to the S&P/TSX composite index (assuming reinvestment of dividends and considering a \$100 investment on December 31, 1998 in common shares).

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

TRANSCANADA

TSX

December  
31, 1998  
\$100.00  
\$100.00  
December  
31, 1999  
\$58.90  
\$131.70  
December  
31, 2000  
\$87.20  
\$141.50  
December  
31, 2001  
\$105.60  
\$123.70  
December  
31, 2002  
\$127.30  
\$108.30  
December  
31, 2003  
\$161.70  
\$137.20

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is applicable in 2005 ("Canadian Audit Committee Rules"), and with proposed corporate governance guidelines released for comment by the CSA on January 16, 2004 which are expected to be in force in 2005 ("Proposed Canadian Governance Guidelines").

TransCanada's principal objective in directing and managing its business and affairs is to enhance shareholder value. TransCanada believes that effective corporate governance improves corporate performance and benefits all shareholders. TransCanada also believes that director, management and employee honesty and integrity are important factors in ensuring good corporate governance. To that end, TransCanada has adopted codes of business ethics for its directors, its employees and its President and

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Chief Executive Officer, Chief Financial Officer and Controller. TransCanada's codes of business ethics may be viewed on TransCanada's website at [www.transcanada.com](http://www.transcanada.com).

The "Statement of Corporate Governance Practices of TransCanada as Compared to the Current TSX Guidelines for Corporate Governance" is attached to this Proxy Circular as Schedule "C". It has been approved by the Governance Committee of the Board and by the Board as a whole. Additional information on TransCanada's Board of Directors and its committees is set forth below.

The Board has formally adopted and published a set of Corporate Governance Guidelines, which affirm TransCanada's commitment to maintaining a high standard of corporate governance. The guidelines address the structure and composition of the board and its committees and also provide guidance to both the board and management in clarifying their respective responsibilities. The Board's strengths include an independent, non-executive Chair of the Board, well informed, and experienced directors who ensure that standards exist to promote ethical behaviour throughout TransCanada, effective board size, director share ownership-requirements and annual assessment of board, committee and individual director effectiveness. TransCanada's Corporate Governance Guidelines are available on TransCanada's website at [www.transcanada.com](http://www.transcanada.com).

The Board discharges its responsibilities directly and through committees. At regularly scheduled meetings, members of the Board and management discuss a broad range of issues relevant to TransCanada's strategy and business interests and the Board is responsible for the approval of TransCanada's Strategic Plan. In addition, the Board receives reports from management on TransCanada's operational and financial performance. The Board had eight scheduled meetings in 2003. Unscheduled meetings are held from time to time as required; there were twelve meetings of the Board in 2003.

#### BOARD, COMMITTEE AND INDIVIDUAL DIRECTOR ASSESSMENT

The Governance Committee reports to the Board annually on the evaluation of the performance of the Board, each of its committees, and that of individual directors, based on the results of the directors' annual self-assessment questionnaire. In addition, formal interviews are undertaken annually by the Chair, based on the results of the questionnaire and TransCanada's Individual Director Terms of Reference, with each member of the Board and with each member of the executive leadership of TransCanada. The performance of the Chair is annually evaluated against his terms of reference by the Chair of the Governance Committee by means of formal interviews with each of the directors.

#### INDEPENDENCE OF DIRECTORS

The Board is comprised of 12 directors, of whom 11 have been determined by the Board to be outside, unrelated and independent directors. The Board annually determines the unrelated and independent status of each of its members based on a written set of criteria developed in accordance with the definition of "unrelated director" in the TSX Guidelines and the meaning of "independent" in the Canadian Audit Committee Rules and the Proposed Canadian Governance Guidelines. The independence criteria also conform with the applicable rules of the SEC, the NYSE and those set under SOX. The NYSE extended definitions of independence applicable to directors of U.S. companies are considered in the case of each director as well. The Board has determined that none of the directors who serve on its committees have a material relationship with TransCanada that could interfere with their ability to act in the best interests of TransCanada.

#### DESCRIPTION OF BOARD COMMITTEES AND THEIR MANDATES

The Board has four standing committees: the Audit Committee; the Governance Committee; the Health, Safety and Environment Committee; and the Human Resources Committee. The Board does not have an Executive Committee. Committees are composed entirely of unrelated and independent directors.

Charters for each of the committees are in the course of revision to bring them in full compliance with the new Canadian and U.S. governance

requirements as these requirements are finalized and come into force over the balance of 2004. The current charters are available on TransCanada's website

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at [www.transcanada.com](http://www.transcanada.com) and are published in TransCanada's Annual Information Form for the year ended December 31, 2003 ("AIF").

### AUDIT COMMITTEE

This committee is comprised of five unrelated and independent directors and is mandated to assist the Board in monitoring, among other things, the integrity of the financial statements of TransCanada, the compliance by TransCanada with legal and regulatory requirements, and the independence and performance of TransCanada's internal and external auditors. The committee is also mandated to review and recommend to the Board approval of TransCanada's audited annual and unaudited interim consolidated financial statements and related management discussion and analysis, and selected corporate disclosure documents including the annual information form, all prospectuses, other offering memoranda, and any financial statements required by regulatory authorities, before they are released to the public or filed with the appropriate regulatory authorities. In addition, the committee reviews and recommends to the Board the appointment and compensation of the external auditor, oversees the accounting, financial reporting, control and audit functions, and recommends funding of the Canadian pension plans.

The committee reviews the audit plans of the internal and external auditors and meets with them at the time of each committee meeting, in each case independently of management. The committee receives and reviews annually the external auditor's formal written statement of independence delineating all relationships between itself and TransCanada and its report on recommendations to management regarding internal controls and procedures, and ensures the rotation of the lead audit partner having primary responsibility for the audit as required by law. The committee pre-approves all audit services and all permitted non-audit services. The committee oversees the operation of an anonymous and confidential toll free telephone number for employees, contractors and others to call with respect to accounting irregularities and ethical violations, and has set up a procedure for the receipt, retention, treatment and regular review of any such reported activities. This telephone number is published on TransCanada's website at [www.transcanada.com](http://www.transcanada.com), on its intranet for employees and in the company's Annual Report to shareholders. In addition, the committee discusses with management TransCanada's material financial risk exposures and the actions management has taken to monitor and control such exposures, reviews the internal control procedures to determine their effectiveness, monitors compliance with TransCanada's policies and codes of business ethics, and reports on these matters to the Board. The committee reviews and approves the investment objectives and choice of investment managers for the Canadian pension plans and considers and approves any changes to those plans relating to financial matters.

The committee has authority in its discretion to retain advisors to assist it in the discharge of its responsibilities. The committee also reviews its charter at least annually and, as required, recommends changes to the Governance Committee and to the Board. The committee's performance is reviewed annually by the Board. There were six meetings of the committee in 2003.

CHAIR: H.G. Schaefer, F.C.A.

MEMBERS: P. Gauthier, K.L. Hawkins, S.B. Jackson, J.R. Paul

### GOVERNANCE COMMITTEE

This committee is comprised of five unrelated and independent directors and is mandated to enhance TransCanada's governance through a continuing assessment of TransCanada's approach to corporate governance. The committee is also mandated to identify qualified individuals to become board members, to recommend to the Board nominees for election as directors at each annual meeting of shareholders and to annually recommend to the Board placement of directors on committees. The committee annually reviews the independence and unrelated status of each director in accordance with written criteria described above, in order to provide the Board with guidance for its annual determination of director independence associated with the placement of committee members.

The committee reviews the performance of individual directors, the Board as a whole and each of the committees, in conjunction with the Chair. As noted elsewhere in this Proxy Circular, the committee also monitors the relationship between management and the Board, and reviews TransCanada's structures to

ensure that the Board is able to function independently of management. The committee chair annually reviews the performance of the Chair of the Board. The committee is also responsible for an annual review of director compensation and for the administration of the DSU Plan, including the granting of units under the plan.

The committee has the authority in its discretion to retain advisors to assist it in the discharge of its responsibilities. The committee reviews its charter at least annually and, as required, recommends changes to the Board. The committee's performance is reviewed annually by the Board. There were two meetings of the committee in 2003.

CHAIR: W.K. Dobson

MEMBERS: D.D. Baldwin, D.P. O'Brien, J.R. Paul, H.G. Schaefer

#### HUMAN RESOURCES COMMITTEE

This committee is comprised of five unrelated and independent directors and is mandated to review the company's human resource policies and plans, monitor succession planning, and to assess the performance of the President and Chief Executive Officer and other senior officers of TransCanada and its major subsidiaries against set objectives. The committee approves the salary and other remuneration to be awarded to senior executive officers of TransCanada and its major subsidiaries. The committee reports to the Board with recommendations on the remuneration package for the President and Chief Executive Officer. The committee approves executive compensation plans and approves any major changes to TransCanada's compensation and benefit plans. The committee considers and approves any changes to TransCanada's Canadian pension plans relating to benefits aspects of these plans. Further, the committee administers or monitors the ESU Plan, the Restricted Share Unit Plan, the Stock Option Plan and the Performance Unit Plan.

The committee has the authority to retain advisors in its discretion to assist it in the discharge of its responsibilities. The committee reviews its charter at least annually and, as required, recommends changes to the Governance Committee and the Board. The committee's performance is reviewed annually by the Board. There were four meetings of the committee in 2003.

CHAIR: K.L. Hawkins

MEMBERS: W.K. Dobson, D.P. O'Brien, W.T. Stephens, J.D. Thompson

#### HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

This committee is comprised of five unrelated and independent directors and is mandated to monitor the health, safety and environmental practices and procedures of TransCanada and its subsidiaries for compliance with applicable legislation, conformity with industry standards and prevention or mitigation of losses. The committee also considers whether the implementation of TransCanada's policies related to health, safety and environmental matters are effective. The committee reviews reports and, when appropriate, makes recommendations to the Board on TransCanada's policies and procedures related to health, safety and the environment. This committee meets separately with officers of TransCanada and its business units who have responsibility for these matters and reports to the Board on such meetings.

The committee has the authority to retain advisors in its discretion to assist it in the discharge of its responsibilities. The committee reviews its charter at least annually and, as required, recommends changes to the Governance Committee and the Board. The committee's performance is reviewed annually by the Board. There were four meetings of the committee in 2003.

CHAIR: D.D. Baldwin

MEMBERS: P. Gauthier, S.B. Jackson, W.T. Stephens, J.D. Thompson

#### CHAIR'S PARTICIPATION IN COMMITTEES

Mr. Haskayne, the Chair of the Board, is an unrelated and independent director and is a non-voting member of all committees of the Board.

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### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

TransCanada has purchased, at its expense, Directors' and Officers' Liability Insurance with policy limits of U.S. \$175 million in the aggregate, subject to a deductible in respect of corporate reimbursement of U.S. \$2.5 million for each loss. Generally, under this insurance, TransCanada is reimbursed for payments made under corporate indemnity provisions on behalf of its directors and officers, and individual directors and officers (or their heirs and legal representatives) are covered for losses arising during the performance of their duties for which they are not indemnified by TransCanada. Major exclusions from coverage include claims arising from illegal acts, those acts which result in illegal personal profit, violation of any fiduciary duty under the U.S. EMPLOYEE RETIREMENT



INCOME SECURITY ACT OF 1974, pollution damage (except for resultant shareholder actions) and claims brought by a director or officer against another director or officer or by TransCanada against a director or officer except for shareholder derivative actions. For the year ended December 31, 2003, the total annual premium in respect of such insurance was \$1,861,692 which was paid entirely by TransCanada.

Additionally, directors and officers of TransCanada are party to indemnity agreements with TransCanada pursuant to which TransCanada has agreed to indemnify such directors and officers from liability arising in connection with the performance of their duties. Such indemnity agreements conform with the provisions of the CANADIAN BUSINESS CORPORATIONS ACT.

#### DIRECTORS' APPROVAL

The contents of this Proxy Circular, including the schedules hereto, and the sending thereof to shareholders entitled to receive notice of the Meeting, to each director, to the auditors of TransCanada and to the appropriate governmental agencies, have been approved by the Board of TransCanada.

#### CERTIFICATE

The foregoing contains no untrue statement of material fact and does not omit 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.

/s/ Harold N. Kvisle

/s/ Russell K. Girling

Harold N. Kvisle  
President and Chief Executive Officer

Russell K. Girling  
Executive Vice-President, Corporate  
Development  
and Chief Financial Officer

Dated at Calgary, Alberta  
February 24, 2004

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#### SCHEDULE "A" TRANSCANADA CORPORATION STOCK OPTION PLAN RESOLUTION

BE IT RESOLVED as an ordinary resolution of TransCanada Corporation (the "Company") that:

1. The number of common shares of TransCanada Corporation reserved for issuance pursuant to the exercise of stock options under TransCanada's Stock Option Plan is increased by an additional 1,000,000 common shares;
2. The Stock Option Plan is confirmed in effect until the close of business on the date of the Company's 2007 annual meeting of common shareholders; and
3. Any officer or director of the Company be and is hereby authorized for and on behalf of the Company, under corporate seal or otherwise, to do all such things and to execute all such documents or instruments as may be necessary or desirable to give effect to this resolution.

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#### SCHEDULE "B" TRANSCANADA CORPORATION SHAREHOLDER RIGHTS PLAN RESOLUTION

BE IT RESOLVED as an ordinary resolution of TransCanada Corporation (the "Company") that:

1. The Shareholder Rights Plan of the Company be continued and the Shareholder Rights Plan Agreement (the "Rights Agreement") dated as of April 24, 2003 and amended and restated as of April 23, 2004 between the Company and Computershare Trust Company of Canada, as Rights Agent, be and it is hereby ratified, confirmed and approved;
2. The making on or prior to April 23, 2004 of any revisions to the Rights Agreement as may be required by any stock exchange or by professional commentators on shareholder rights plans to conform the Rights Agreement to versions of shareholder rights plans prevalent for public reporting issuers in Canada, as may be approved by any two of the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, any

Vice-President or a director, is hereby approved;

3. The Rights Agreement, as amended in accordance with paragraph 2, is hereby ratified, confirmed and approved; and
4. Any officer or director of the Company be and is hereby authorized for and on behalf of the Company, under corporate seal or otherwise, to do all such things and to execute all such documents or instruments as may be necessary or desirable to give effect to this resolution.

#### SUMMARY OF SHAREHOLDER RIGHTS PLAN

The following summarizes the principal terms of the Shareholder Rights Plan.

#### OBJECTIVES

The primary objective of the Shareholder Rights Plan is to provide the board of directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over bid is made for TransCanada and to provide every shareholder with an equal opportunity to participate in such a bid. The Shareholder Rights Plan encourages a potential acquiror to proceed either by way of a Permitted Bid (as defined in the Shareholder Rights Plan), which requires the take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the board.

#### EFFECTIVE DATE

The Effective Date of the Shareholder Rights Plan is April 24, 2003.

#### TERM

To the close of business on the date of the 2007 annual meeting of shareholders of TransCanada.

#### ISSUE OF RIGHTS

On May 15, 2003, one right (a "TransCanada Right") was issued and attached to each common share outstanding and attached to each common share subsequently issued.

#### TRANSCANADA RIGHTS EXERCISE PRIVILEGE

The TransCanada Rights will separate from the common shares and will be exercisable eight trading days (the "Separation Time") after a person has acquired, or commences a take-over bid to acquire, 20% or more of the shares, other than by an acquisition pursuant to a take-over bid permitted by the Shareholder Rights Plan (a "Permitted Bid"). The acquisition by any person (an "Acquiring Person") of 20% or more of the common shares, other than by way of a Permitted Bid, is referred to as a "Flip-in Event". Any TransCanada Rights held

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by an Acquiring Person will become void upon the occurrence of a Flip-in Event. Eight trading days after the occurrence of the Flip-in Event, each TransCanada Right, (other than those held by the Acquiring Person), will permit the purchase of \$200 worth of common shares for \$100.

The issue of the TransCanada Rights is not initially dilutive. Upon a Flip-in Event occurring and the TransCanada Rights separating from the common shares, reported earnings per share on a fully diluted or non-diluted basis may be affected. Holders of TransCanada Rights not exercising their TransCanada Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

#### LOCK-UP AGREEMENT

A bidder may enter into lock-up agreements with TransCanada's shareholders ("Locked-up Persons") whereby such shareholders agree to tender their common shares to the take-over bid (the "Subject Bid") without a Flip-in Event (as referred to above) occurring. Any such agreement must contain a provision that either permits the Locked-up Person to withdraw the common shares to tender to another take-over or to support another transaction that will provide greater value to the shareholder than the Subject Bid or permits the Locked-up Person to withdraw the common shares to tender to another take-over bid or to support another transaction that contains an offering price that exceeds the offering price contained in the Subject Bid by a specified minimum amount not exceeding 7% of the offering price of the Subject Bid. For greater certainty, a Lock-up Agreement may contain a right of first refusal or require a period of delay (or other similar limitation) to give a bidder an opportunity to match a higher price in another transaction as long as the shareholder can accept another bid or tender to another transaction.

As restated, the Shareholder Rights Plan requires that any Lock-up Agreement be made available to TransCanada and the public and amends the definition of Lock-up Agreement to also provide that under a Lock-up Agreement no "break up" fees, "top up" fees, penalties, expenses reimbursement or other amounts that

exceed in aggregate the greater of: (i) 2 1/2% of the value payable under the Subject Bid; and (ii) 50% of the amount by which the value received by a Locked-up Person under another take-over bid or transaction exceeds what such Locked-up Person would have received under the Subject Bid; can be payable by such Locked-up Person if the Locked-up Person fails to deposit or tender common shares to the Subject Bid or withdraws common shares previously tendered thereto in order to deposit such common shares to another takeover bid or support another transaction.

#### CERTIFICATES AND TRANSFERABILITY

Prior to the Separation Time, the TransCanada Rights are evidenced by a legend imprinted on certificates for the common shares issued from and after the Effective Date and are not to be transferable separately from the common shares. From and after the Separation Time, the TransCanada Rights will be evidenced by TransCanada Rights certificates which will be transferable and traded separately from the common shares.

#### PERMITTED BID REQUIREMENTS

The requirements for a Permitted Bid include the following:

- (i) the take-over bid must be made by way of a take-over bid circular;
- (ii) the take-over bid must be made to all shareholders;
- (iii) the take-over bid must be outstanding for a minimum period of 60 days and common shares tendered pursuant to the take-over bid may not be taken up prior to the expiry of the 60 day period and only if at such time more than 50% of the common shares held by shareholders, other than the bidder, its affiliates and persons acting jointly or in concert and certain other persons (collectively, the "Independent Shareholders"), have been tendered to the take-over bid and not withdrawn; and
- (iv) if more than 50% of the common shares held by Independent Shareholders are tendered to the take-over bid within the 60 day period, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of common shares for an additional 10 business days from the date of such public announcement.

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The Shareholder Rights Plan allows for a competing Permitted Bid (a "Competing Permitted Bid") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except that it may expire on the same date as the Permitted Bid, subject to the requirement that it be outstanding for a minimum period of 35 days. Prior to restating the Shareholder Rights Plan, this time period was 21 days; the change to 35 days conforms the time period to recent changes in securities legislation.

#### WAIVER

The board of directors, acting in good faith, may, prior to the occurrence of a Flip-in Event, waive the application of the Shareholder Rights Plan to a particular Flip-in Event (an "Exempt Acquisition") where the take-over bid is made by a take-over bid circular to all holders of common shares. Where the board exercises the waiver power for one take-over bid, the waiver will also apply to any other take-over bid for TransCanada made by a take-over bid circular to all holders of common shares prior to the expiry of any other bid for which the Shareholder Rights Plan has been waived.

#### REDEMPTION

The board of directors with the approval of a majority vote of the votes cast by shareholders (or the holders of TransCanada Rights if the Separation Time has occurred) voting in person and by proxy, at a meeting duly called for that purpose, may redeem the TransCanada Rights at \$0.001 per TransCanada Right. TransCanada Rights shall also be redeemed by the board without such approval following completion of a Permitted Bid, Competing Permitted Bid or Exempt Acquisition.

#### AMENDMENT

The board of directors may amend the Shareholder Rights Plan with the approval of a majority vote of the votes cast by shareholders (or the holders of TransCanada Rights if the Separation Time has occurred) voting in person and by proxy at a meeting duly called for that purpose. The directors without such approval may correct clerical or typographical errors and, subject to approval as noted above at the next meeting of the shareholders (or holders of TransCanada Rights, as the case may be), may make amendments to the Shareholder Rights Plan to maintain its validity due to changes in applicable legislation.

#### BOARD OF DIRECTORS

The Shareholder Rights Plan will not detract from or lessen the duty of the board to act honestly and in good faith with a view to the best interests of TransCanada. The board, when a Permitted Bid is made, will continue to have the duty and power to take such actions and make such recommendations to shareholders as are considered appropriate.

#### EXEMPTIONS FOR INVESTMENT ADVISORS

Investment advisors, trust companies (acting in their capacities as trustees and administrators), statutory bodies whose business includes the management of funds and administrators of registered pension plans acquiring greater than 20% of the common shares are exempted from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a takeover bid.

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SCHEDULE "C"  
STATEMENT OF CORPORATE GOVERNANCE PRACTICES OF TRANSCANADA  
AS COMPARED TO THE CURRENT TSX GUIDELINES  
FOR CORPORATE GOVERNANCE

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GUIDELINE 1	BOARD OF DIRECTORS SHOULD EXPLICITLY ASSUME RESPONSIBILITY FOR STEWARDSHIP OF THE CORPORATION
Does TransCanada Align?	YES
Description of Approach	<p>THE BOARD HAS RESPONSIBILITY FOR THE OVERALL STEWARDSHIP OF TRANSCANADA, ESTABLISHING THE POLICIES AND STANDARDS OF TRANSCANADA IN THE OPERATION OF ITS BUSINESSES AND REVIEWING AND APPROVING ITS STRATEGIC PLANS. THE BOARD HAS ADOPTED A PUBLISHED SET OF CORPORATE GOVERNANCE GUIDELINES THAT ADDRESS THE STRUCTURE AND COMPOSITION OF THE BOARD AND ITS COMMITTEES AND PROVIDES GUIDANCE TO BOTH THE BOARD AND MANAGEMENT IN CLARIFYING THEIR RESPECTIVE RESPONSIBILITIES AND ENSURING EFFECTIVE COMMUNICATION BETWEEN THE BOARD AND MANAGEMENT. TRANSCANADA'S CORPORATE GOVERNANCE GUIDELINES ARE PUBLISHED ON THE COMPANY'S WEBSITE AT <a href="http://www.transcanada.com">www.transcanada.com</a>.</p> <p>IN ADDITION, THE BOARD HAS COMMITTED ITSELF TO MAINTAINING A HIGH STANDARD OF CORPORATE GOVERNANCE AND INTEGRITY; IT HAS ADOPTED A CODE OF BUSINESS ETHICS FOR DIRECTORS WHICH INCORPORATES AS ITS BASIS, PRINCIPLES OF GOOD CONDUCT AND HIGH ETHICAL BEHAVIOR. TRANSCANADA HAS ALSO ADOPTED CODES OF BUSINESS ETHICS FOR ITS EMPLOYEES AND ONE APPLICABLE TO ITS PRESIDENT AND CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER AND CONTROLLER. THE CODES ARE PUBLISHED ON TRANSCANADA'S WEBSITE AT <a href="http://www.transcanada.com">www.transcanada.com</a>.</p>
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GUIDELINE 1 a	BOARD OF DIRECTORS SHOULD SPECIFICALLY ASSUME RESPONSIBILITY FOR THE ADOPTION OF A STRATEGIC PLANNING PROCESS
Does TransCanada Align?	YES
Description of Approach	<p>THE BOARD BELIEVES THAT MANAGEMENT IS PRIMARILY RESPONSIBLE FOR THE DEVELOPMENT OF TRANSCANADA'S STRATEGIC PLAN. THE BOARD REVIEWS, QUESTIONS, VALIDATES AND APPROVES TRANSCANADA'S STRATEGIC PLAN ON AN ANNUAL BASIS AND APPROVES ALL MATERIAL CHANGES. THE BOARD BELIEVES THAT STRATEGY DEVELOPMENT IS AN INTERACTIVE PROCESS BETWEEN MANAGEMENT AND THE BOARD AND AS SUCH, THE BOARD MEETS ANNUALLY WITH MANAGEMENT FOR A COMPREHENSIVE STRATEGIC PLANNING SESSION. THE BOARD ALSO RECOGNIZES THAT STRATEGIC PLANNING IS A CONTINUOUS PROCESS AND CONSEQUENTLY MEETS FROM TIME TO TIME DURING THE YEAR AS PLANS EVOLVE WHICH REQUIRE ITS CONSIDERATION OR APPROVAL.</p> <p>IN ADDITION, THE BOARD HOLDS STRATEGIC ISSUES INFORMATION SESSIONS IN CONJUNCTION WITH SCHEDULED BOARD MEETINGS TO DEVELOP A DEEPER UNDERSTANDING OF MATTERS STRATEGIC TO TRANSCANADA. FOUR SUCH MEETINGS WERE HELD IN 2003 AND FOUR ARE SCHEDULED FOR 2004.</p>
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GUIDELINE 1 b	BOARD OF DIRECTORS SHOULD SPECIFICALLY ASSUME RESPONSIBILITY FOR THE IDENTIFICATION OF PRINCIPAL BUSINESS RISKS, AND IMPLEMENTATION OF RISK MANAGEMENT SYSTEMS
Does TransCanada Align?	YES
Description of Approach	<p>THE BOARD IS RESPONSIBLE FOR UNDERSTANDING AND OVERSEEING COMPLIANCE WITH PROCESSES THAT ARE IN PLACE TO MITIGATE THE PRINCIPAL RISKS ASSOCIATED WITH TRANSCANADA'S BUSINESS ON AN ONGOING BASIS, AND IT IS THE RESPONSIBILITY OF MANAGEMENT TO ENSURE THAT THE BOARD AND ITS COMMITTEES ARE KEPT WELL INFORMED OF THESE CHANGING RISKS ON A TIMELY BASIS. THE PRINCIPAL RISKS OF TRANSCANADA ARE THOSE RELATED TO GAS TRANSMISSION AND POWER GENERATION, OVERALL SUPPLY OF AND DEMAND FOR NATURAL GAS, COMPETITION IN THE INDUSTRY SEGMENTS IN WHICH TRANSCANADA PARTICIPATES AND OTHER MARKET AND FINANCIAL RISKS.</p> <p>THE AUDIT COMMITTEE OF THE BOARD REVIEWS TRANSCANADA'S FINANCIAL RISK MANAGEMENT POLICIES AND PROCEDURES AND REPORTS TO THE BOARD ON THESE MATTERS ON A QUARTERLY BASIS. THE BOARD ALSO RECEIVES AND REVIEWS REPORTS FROM THE HEALTH, SAFETY AND ENVIRONMENT COMMITTEE, WHICH INCLUDE RISKS WITHIN THE SCOPE OF ITS MANDATE, ON A QUARTERLY BASIS.</p>

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c BOARD OF  
DIRECTORS SHOULD  
SPECIFICALLY  
ASSUME  
RESPONSIBILITY FOR  
SUCCESSION  
PLANNING,  
INCLUDING  
APPOINTING,  
TRAINING AND  
MONITORING SENIOR  
MANAGEMENT Does  
TransCanada Align?  
YES Description of  
Approach THE BOARD  
BELIEVES THAT  
SUCCESSION  
PLANNING AND  
MANAGEMENT  
DEVELOPMENT ARE  
KEY TO THE ONGOING  
PROCESS THAT  
CONTRIBUTES  
SUBSTANTIALLY TO  
THE SUCCESS OF  
TRANSCANADA. AN  
ANNUAL REPORT ON  
SENIOR MANAGEMENT  
DEVELOPMENT AND  
SUCCESSION IS  
PREPARED ANNUALLY  
FOR PRESENTATION  
AND DISCUSSION AT  
THE HUMAN  
RESOURCES  
COMMITTEE, WHICH  
REPORTS ON THE  
MATTER TO THE  
BOARD. THE REPORT  
OUTLINES THE  
BACKGROUND AND  
QUALIFICATIONS  
REQUIRED FOR EACH  
OF THE SENIOR  
EXECUTIVE OFFICER  
POSITIONS IN  
TRANSCANADA  
(INCLUDING THAT OF  
THE CEO) AND FOR  
KEY OFFICER  
POSITIONS IN ITS  
MAJOR  
SUBSIDIARIES.  
SEVERAL POTENTIAL  
INTERNAL  
SUCCESSORS FOR  
EACH POSITION ARE  
IDENTIFIED IN THE  
REPORT AND THEIR  
QUALIFICATIONS AND  
DEVELOPMENT PLANS  
ARE DISCUSSED IN  
DETAIL WITH THE  
COMMITTEE AND THE  
BOARD. POTENTIAL  
SUCCESSORS ARE  
INTRODUCED TO THE  
BOARD  
PERIODICALLY. THE  
HUMAN RESOURCES  
COMMITTEE ALSO  
CONDUCTS AN ANNUAL  
REVIEW AND

ASSESSMENT OF THE  
PERFORMANCE OF THE  
PRESIDENT AND  
CHIEF EXECUTIVE  
OFFICER AND THE  
SENIOR EXECUTIVE  
OFFICERS OF  
TRANSCANADA. - - - -  
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- GUIDELINE 1 d  
BOARD OF DIRECTORS  
SHOULD  
SPECIFICALLY  
ASSUME

RESPONSIBILITY FOR  
COMMUNICATIONS  
POLICY Does  
TransCanada Align?  
YES Description of  
Approach THE BOARD  
HAS PUT PROCESSES  
IN PLACE TO  
MONITOR EFFECTIVE,  
TIMELY AND NON-  
SELECTIVE  
COMMUNICATIONS  
BETWEEN  
TRANSCANADA, ITS  
STAKEHOLDERS AND  
THE PUBLIC. THE  
BOARD, OR THE  
APPROPRIATE  
COMMITTEE, REVIEWS  
THE CONTENT OF  
TRANSCANADA'S  
MAJOR  
COMMUNICATIONS TO  
SHAREHOLDERS AND  
THE INVESTING  
PUBLIC, INCLUDING  
THE QUARTERLY AND  
ANNUAL REPORTS,  
AND APPROVES THE  
MANAGEMENT PROXY  
CIRCULAR, THE  
ANNUAL INFORMATION  
FORM AND ANY  
PROSPECTUSES THAT  
MAY BE ISSUED. THE  
INFORMATION IS  
THEN RELEASED  
THROUGH MAILINGS  
TO SHAREHOLDERS,  
NEWS WIRE  
SERVICES, THE  
GENERAL MEDIA AND  
PUBLISHED ON  
TRANSCANADA'S  
WEBSITE AT  
[www.transcanada.com](http://www.transcanada.com)  
ON ITS HOME PAGE.  
THE BOARD BELIEVES  
THAT IT IS THE  
FUNCTION OF  
MANAGEMENT TO  
SPEAK FOR  
TRANSCANADA IN ITS  
COMMUNICATIONS  
WITH THE  
INVESTMENT  
COMMUNITY, THE  
MEDIA, CUSTOMERS,  
SUPPLIERS,  
EMPLOYEES,  
GOVERNMENTS AND  
THE GENERAL  
PUBLIC. IT IS  
UNDERSTOOD THAT  
THE CHAIR OR OTHER  
INDIVIDUAL

DIRECTORS MAY,  
FROM TIME TO TIME,  
BE REQUESTED BY  
MANAGEMENT TO  
ASSIST WITH SUCH  
COMMUNICATIONS. IF  
COMMUNICATIONS  
FROM STAKEHOLDERS  
ARE MADE TO THE  
CHAIR OR TO OTHER  
INDIVIDUAL  
DIRECTORS,  
MANAGEMENT IS  
INFORMED AND  
CONSULTED TO  
DETERMINE ANY  
APPROPRIATE  
RESPONSE.

TRANSCANADA HAS AN  
INVESTOR RELATIONS  
GROUP THAT  
RESPONDS TO  
ANALYST,  
INSTITUTIONAL AND  
INDIVIDUAL  
SHAREHOLDER  
INQUIRIES AND  
MAINTAINS A TOLL-  
FREE TELEPHONE  
LINE FOR EASE OF  
CONTACT.

INDIVIDUAL  
QUERIES, COMMENTS  
OR SUGGESTIONS CAN  
BE MADE AT ANY  
TIME BY CALLING OR  
WRITING DIRECTLY  
TO TRANSCANADA'S  
HEAD OFFICE IN  
CALGARY, ALBERTA.

IN ADDITION,  
TRANSCANADA HAS A  
COMMUNICATIONS  
GROUP TO RESPOND  
TO INQUIRIES FROM  
MEDIA, GOVERNMENT  
AND THE PUBLIC.  
TOGETHER, THESE  
GROUPS DEAL WITH  
STAKEHOLDER  
CONCERNS AND  
ENSURE THAT ALL  
INQUIRIES RECEIVE  
A FULL AND TIMELY  
RESPONSE. - -----  
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GUIDELINE 1 e  
BOARD OF DIRECTORS  
SHOULD  
SPECIFICALLY  
ASSUME

RESPONSIBILITY FOR  
THE INTEGRITY OF  
INTERNAL CONTROL  
AND MANAGEMENT  
INFORMATION  
SYSTEMS Does  
TransCanada Align?  
YES Description of  
Approach THE AUDIT  
COMMITTEE REQUIRES  
MANAGEMENT TO  
IMPLEMENT AND  
MAINTAIN  
APPROPRIATE  
SYSTEMS OF  
INTERNAL CONTROLS  
AND MEETS WITH  
TRANSCANADA'S  
DIRECTOR OF

INTERNAL AUDIT, IN EXECUTIVE SESSIONS AND WITH MANAGEMENT, ON AT LEAST A QUARTERLY BASIS TO OVERSEE THE EFFECTIVENESS OF THESE SYSTEMS.

IN ADDITION, TRANSCANADA'S PRESIDENT AND CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE-PRESIDENT, CORPORATE DEVELOPMENT AND CHIEF FINANCIAL OFFICER PROVIDE CERTIFICATES RELATING TO THE CONTENTS OF TRANSCANADA'S QUARTERLY AND ANNUAL REPORTS, WHICH ARE FILED WITH SECURITIES REGULATORY AUTHORITIES, STATING THAT THEY HAVE EVALUATED AND REPORTED ON THE EFFECTIVENESS OF TRANSCANADA'S INTERNAL AND DISCLOSURE CONTROL PROCEDURES. - ----

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C-2 TRANSCANADA CORPORATION

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GUIDELINE 2  
MAJORITY OF DIRECTORS SHOULD BE "UNRELATED" (INDEPENDENT FROM MANAGEMENT AND FREE FROM CONFLICTS OF INTEREST)  
Does TransCanada Align? YES  
Description of Approach  
THE GOVERNANCE COMMITTEE REVIEWS AT LEAST ANNUALLY THE EXISTENCE OF ANY RELATIONSHIPS BETWEEN EACH DIRECTOR AND TRANSCANADA



TO ENSURE  
THAT THE  
MAJORITY OF  
DIRECTORS ARE  
UNRELATED TO  
AND  
INDEPENDENT  
OF  
TRANSCANADA.  
THE BOARD  
BELIEVES  
THAT, AS A  
MATTER OF  
POLICY, THERE  
SHOULD BE A  
MAJORITY OF  
OUTSIDE,  
UNRELATED AND  
INDEPENDENT  
DIRECTORS ON  
TRANSCANADA'S  
BOARD. THE  
BOARD IS  
CHARGED WITH  
MAKING THIS  
DETERMINATION.  
THE  
DETERMINATION  
IS MADE  
ANNUALLY IN  
ACCORDANCE  
WITH THE  
DEFINITION OF  
"UNRELATED  
DIRECTOR" IN  
THE TSX  
GUIDELINES  
AND THE  
"MEANING OF  
INDEPENDENCE"  
IN THE  
CANADIAN  
AUDIT  
COMMITTEE  
RULES AND THE  
PROPOSED  
CANADIAN  
GOVERNANCE  
GUIDELINES.  
THE  
INDEPENDENCE  
CRITERIA ALSO  
CONFORM WITH  
THE  
APPLICABLE  
RULES OF THE  
SEC, THE NYSE  
AND THOSE SET  
OUT IN SOX.  
THE NYSE'S  
EXTENDED  
DEFINITIONS  
OF  
INDEPENDENCE  
THAT APPLY TO  
DIRECTORS OF  
U.S.  
COMPANIES ARE  
CONSIDERED IN  
THE CASE OF  
EACH DIRECTOR  
AS WELL. IF  
THE PROPOSED  
DIRECTORS ARE  
ELECTED TO  
THE BOARD,  
ONLY HAROLD  
N. KVISLE,  
THE PRESIDENT  
AND CHIEF  
EXECUTIVE  
OFFICER OF  
TRANSCANADA,  
IS A RELATED,  
NON-

INDEPENDENT  
DIRECTOR. THE  
BOARD HAS  
DETERMINED  
THAT THE  
REMAINING 11  
PROPOSED  
NOMINEES FOR  
ELECTION TO  
THE BOARD AT  
THE 2004  
ANNUAL  
MEETING HAVE  
NO MATERIAL  
RELATIONSHIP  
WITH  
TRANSCANADA  
AND ARE  
THEREFORE  
UNRELATED AND  
INDEPENDENT.

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GUIDELINE 3  
DISCLOSE FOR  
EACH DIRECTOR  
WHETHER HE OR  
SHE IS  
UNRELATED,  
AND HOW THAT  
CONCLUSION  
WAS REACHED  
Does

TransCanada  
Align? YES  
Description  
of Approach  
HAROLD N.  
KVISLE,  
PRESIDENT AND  
CHIEF  
EXECUTIVE  
OFFICER OF  
TRANSCANADA,  
IS NOT AN  
UNRELATED AND  
INDEPENDENT  
DIRECTOR. THE  
BOARD HAS  
DETERMINED  
THAT THE  
REMAINDER OF  
THE PROPOSED  
DIRECTORS ARE  
NON-  
MANAGEMENT,  
UNRELATED AND  
INDEPENDENT  
DIRECTORS.

THIS  
DETERMINATION  
WAS MADE  
BASED ON THE  
CRITERIA  
REFERRED TO  
ABOVE, WITH  
THE RESULT  
THAT THE  
BOARD HAS  
DETERMINED  
THAT THE  
FOLLOWING  
DIRECTORS  
HAVE NO  
INTEREST,  
BUSINESS OR  
OTHER  
RELATIONSHIP

THAT COULD OR  
COULD  
REASONABLY BE  
PERCEIVED TO  
MATERIALLY  
INTERFERE  
WITH THEIR  
ABILITY TO  
ACT IN THE  
BEST  
INTERESTS OF  
TRANSCANADA.  
THE BOARD HAS  
ALSO  
DETERMINED  
THAT, WITH  
THE EXCEPTION  
OF MR.  
KVISLE, ALL  
DIRECTORS  
PROPOSED FOR  
ELECTION TO  
THE BOARD AT  
THE 2004  
ANNUAL  
MEETING HAVE  
NO DIRECT OR  
INDIRECT  
MATERIAL  
RELATIONSHIP  
WITH  
TRANSCANADA  
WHICH COULD  
REASONABLY  
INTERFERE  
WITH THEIR  
EXERCISE OF  
INDEPENDENT  
JUDGMENT.  
ALTHOUGH SOME  
OF THE  
PROPOSED  
NOMINEES ARE  
ASSOCIATED  
WITH  
COMPANIES  
THAT SHIP  
NATURAL GAS  
ON THE  
TRANSCANADA  
SYSTEM,  
TRANSCANADA  
AS A COMMON  
CARRIER IN  
CANADA CANNOT  
UNDER ITS  
TARIFF DENY  
TRANSPORTATION  
SERVICE TO A  
CREDIT-WORTHY  
SHIPPER. IN  
ADDITION, DUE  
TO THE  
SPECIALIZED  
NATURE OF THE  
INDUSTRY,  
TRANSCANADA  
BELIEVES THAT  
IT IS  
IMPORTANT FOR  
ITS BOARD TO  
BE COMPOSED  
OF QUALIFIED  
AND  
KNOWLEDGEABLE  
DIRECTORS.  
THE BOARD HAS  
TAKEN THESE  
FACTORS INTO  
CONSIDERATION  
IN MAKING ITS  
DETERMINATION  
OF  
INDEPENDENCE.  
FURTHER, THE

BOARD  
CONSIDERED  
WHETHER  
DIRECTORS  
SERVING ON  
BOARDS OF  
NON-PROFIT  
ORGANIZATIONS  
WHICH RECEIVE  
DONATIONS  
FROM  
TRANSCANADA  
WERE  
CONFLICTED.  
THE BOARD  
DETERMINED  
THAT SUCH  
RELATIONSHIPS,  
WHERE THEY  
EXISTED, DID  
NOT INTERFERE  
WITH ANY SUCH  
DIRECTOR'S  
ABILITY TO  
ACT IN THE  
BEST INTEREST  
OF  
TRANSCANADA,  
AS ALL  
DECISIONS ON  
PROVIDING  
DONATIONS TO  
NON-PROFIT  
ORGANIZATIONS  
ARE MADE BY A  
MANAGEMENT  
COMMITTEE ON  
WHICH NO  
DIRECTORS  
SERVE. THE  
BOARD ALSO  
CONSIDERED  
VARIOUS OTHER  
CRITERIA,  
SUCH AS  
FAMILY  
RELATIONSHIPS  
AND PAYMENTS  
MADE TO  
TRANSCANADA,  
IN MAKING ITS  
DETERMINATION.  
-- DOUGLAS D.  
BALDWIN --  
UNRELATED AND  
INDEPENDENT -  
- WENDY K.  
DOBSON --  
UNRELATED AND  
INDEPENDENT -  
- PAULE  
GAUTHIER --  
UNRELATED AND  
INDEPENDENT -  
- RICHARD F.  
HASKAYNE --  
UNRELATED AND  
INDEPENDENT  
(CHAIR) --  
KERRY L.  
HAWKINS --  
UNRELATED AND  
INDEPENDENT -  
- S. BARRY  
JACKSON --  
UNRELATED AND  
INDEPENDENT -  
- PAUL L.  
JOSKOW --  
UNRELATED AND  
INDEPENDENT -  
- DAVID P.  
O'BRIEN --  
UNRELATED AND  
INDEPENDENT -



PROVIDES THE BEST MIX OF SKILLS AND EXPERIENCE TO GUIDE THE LONG-TERM STRATEGY AND ONGOING BUSINESS OPERATIONS OF TRANSCANADA. NEW NOMINEES MUST HAVE EXPERIENCE IN THE INDUSTRY OR EXPERIENCE IN GENERAL BUSINESS MANAGEMENT OF SIMILAR SIZE AND SCOPE AS TRANSCANADA'S, THE ABILITY TO DEVOTE THE TIME REQUIRED, AND A WILLINGNESS TO SERVE. THE GOVERNANCE COMMITTEE ALSO ADVISES THE BOARD ON THE CRITERIA FOR, AND DETERMINATION OF, THE INDEPENDENCE OF EACH DIRECTOR. -

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GUIDELINE 5  
IMPLEMENT A COMMITTEE PROCESS FOR ASSESSING THE EFFECTIVENESS OF THE BOARD OF DIRECTORS, ITS COMMITTEES AND THE CONTRIBUTION OF INDIVIDUAL DIRECTORS Does TransCanada Align? YES  
Description of Approach THE GOVERNANCE COMMITTEE IS RESPONSIBLE FOR MAKING AN ANNUAL ASSESSMENT OF THE OVERALL PERFORMANCE OF THE BOARD, ITS COMMITTEES AND ITS INDIVIDUAL MEMBERS, AND REPORTS ITS FINDINGS TO THE BOARD. AN ANNUAL QUESTIONNAIRE IS UTILIZED AS PART OF THIS PROCESS. THE QUESTIONNAIRE EXAMINES THE EFFECTIVENESS OF THE BOARD AS A WHOLE, AND OF EACH COMMITTEE, AND SPECIFICALLY REVIEWS AREAS THAT THE BOARD AND/OR

MANAGEMENT BELIEVE COULD BE IMPROVED TO ENSURE THE CONTINUED EFFECTIVENESS OF THE BOARD AND ITS COMMITTEES IN THE EXECUTION OF THEIR RESPONSIBILITIES.

THE ANNUAL QUESTIONNAIRE AND THE DIRECTORS' TERMS OF REFERENCE ARE THEN USED IN THE EVALUATION OF THE CONTRIBUTION OF INDIVIDUAL DIRECTORS.

FORMAL INTERVIEWS WITH EACH DIRECTOR AND EACH MEMBER OF TRANSCANADA'S EXECUTIVE LEADERSHIP TEAM ARE ALSO CARRIED OUT BY THE CHAIR ANNUALLY WITH RESPECT TO THIS MATTER. THE CHAIR OF THE GOVERNANCE COMMITTEE ALSO INTERVIEWS EACH DIRECTOR ANNUALLY ON HIS OR HER ASSESSMENT OF THE CHAIR'S PERFORMANCE. ALL OF THESE ASSESSMENTS ARE REPORTED ANNUALLY TO THE FULL BOARD. - - -

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GUIDELINE 6  
PROVIDE ORIENTATION AND EDUCATION PROGRAMS FOR NEW RECRUITS TO THE BOARD OF DIRECTORS Does TransCanada Align? YES  
Description of Approach NEW DIRECTORS ARE PROVIDED WITH AN ORIENTATION AND EDUCATION PROGRAM THAT INCLUDES A DIRECTORS' MANUAL CONTAINING INFORMATION ABOUT THE DUTIES AND OBLIGATIONS OF DIRECTORS, THE BUSINESS AND OPERATIONS OF TRANSCANADA AND DOCUMENTS FROM RECENT BOARD

MEETINGS. NEW DIRECTORS ARE GIVEN OPPORTUNITIES FOR MEETINGS AND DISCUSSION WITH SENIOR MANAGEMENT AND OTHER DIRECTORS. THE DIRECTORS' MANUAL IS REVIEWED ANNUALLY BY THE GOVERNANCE COMMITTEE. DIRECTORS ARE ALSO INVITED TO TOUR CERTAIN OF TRANSCANADA'S FACILITIES ANNUALLY, AND SENIOR MANAGEMENT PRESENTATIONS ARE MADE TO THE BOARD PERIODICALLY ON VARIOUS BUSINESS RELATED TOPICS. THE DETAILS OF THE ORIENTATION OF EACH NEW DIRECTOR ARE TAILORED TO EACH DIRECTOR'S INDIVIDUAL NEEDS AND AREAS OF INTEREST. - - - - -

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GUIDELINE 7  
EXAMINE SIZE OF BOARD OF DIRECTORS, WITH A VIEW TO IMPROVING EFFECTIVE DECISION-MAKING AND, IF APPROPRIATE, UNDERTAKE A PROGRAM TO REDUCE THE NUMBER OF DIRECTORS Does TransCanada Align? YES  
Description of Approach THE GOVERNANCE COMMITTEE IS MANDATED TO REVIEW THE SIZE, COMPOSITION AND PROFILE OF THE BOARD FROM TIME TO TIME, AND RECOMMENDS CHANGES TO THE BOARD WHEN APPROPRIATE. ALTHOUGH THE MAXIMUM NUMBER OF DIRECTORS PERMITTED BY TRANSCANADA'S ARTICLES IS 20, THE BOARD HAS DETERMINED THAT, AT PRESENT, IT





IN COMMON SHARES  
OR RELATED  
DEFERRED SHARE  
UNITS OF  
TRANSCANADA.  
DIRECTORS HAVE A  
MAXIMUM OF FIVE  
YEARS TO REACH  
THIS LEVEL OF  
SHARE OWNERSHIP.  
THE GOVERNANCE  
COMMITTEE'S REVIEW  
OF DIRECTOR  
COMPENSATION IS  
BASED ON AN  
OUTSIDE REPORT ON  
COMPENSATION PAID  
IN COMPARABLE  
COMPANIES. - - - - -  
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GUIDELINE 9  
COMMITTEES SHOULD  
GENERALLY BE  
COMPOSED OF  
OUTSIDE DIRECTORS  
A MAJORITY OF WHOM  
ARE UNRELATED Does  
TransCanada Align?  
YES Description of  
Approach THE BOARD  
BELIEVES THAT, AS  
A MATTER OF  
POLICY, THERE  
SHOULD BE A  
MAJORITY OF  
OUTSIDE, UNRELATED  
AND INDEPENDENT  
DIRECTORS ON EACH  
OF THE COMMITTEES.

THE AUDIT  
COMMITTEE,  
GOVERNANCE  
COMMITTEE, HUMAN  
RESOURCES  
COMMITTEE AND  
HEALTH, SAFETY AND  
ENVIRONMENT  
COMMITTEE ARE  
COMPOSED ENTIRELY  
OF OUTSIDE,  
UNRELATED AND  
INDEPENDENT  
DIRECTORS. EACH  
COMMITTEE IS  
GOVERNED BY A  
CHARTER. COPIES OF  
THESE CHARTERS CAN  
BE FOUND ON  
TRANSCANADA'S  
WEBSITE AT  
[www.transcanada.com](http://www.transcanada.com)  
AND ARE PUBLISHED  
IN TRANSCANADA'S  
AIF. - - - - -  
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GUIDELINE 10  
APPOINT A  
COMMITTEE  
RESPONSIBLE FOR  
DEVELOPING AN  
APPROACH TO  
CORPORATE  
GOVERNANCE ISSUES  
Does TransCanada  
Align? YES

Description of  
Approach THE  
MANDATE OF THE  
GOVERNANCE  
COMMITTEE INCLUDES  
RESPONSIBILITY TO  
UNDERTAKE  
INITIATIVES THAT  
ARE NEEDED TO HELP  
DELIVER PRE-  
EMINENT CORPORATE  
GOVERNANCE. THE  
GOVERNANCE  
COMMITTEE IS  
RESPONSIBLE FOR  
REVIEWING THE  
OVERALL GOVERNANCE  
PRINCIPLES OF THE  
COMPANY AND  
MONITORING  
TRANSCANADA'S  
DISCLOSURE,  
INCLUDING THIS  
STATEMENT OF  
CORPORATE  
GOVERNANCE  
PRACTICES. THE  
GOVERNANCE  
COMMITTEE ALSO  
MONITORS BEST  
PRACTICES AMONG  
MAJOR NORTH  
AMERICAN COMPANIES  
TO ENSURE THAT  
TRANSCANADA  
CONTINUES TO CARRY  
OUT HIGH STANDARDS  
OF CORPORATE  
GOVERNANCE. - ----

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GUIDELINE 11 a  
DEFINE LIMITS TO  
MANAGEMENT'S  
RESPONSIBILITIES  
BY DEVELOPING  
POSITION  
DESCRIPTIONS FOR:  
(i) THE BOARD OF  
DIRECTORS Does  
TransCanada Align?  
YES Description of  
Approach THE BOARD  
OPERATES UNDER  
WRITTEN TERMS OF  
REFERENCE WHILE  
RETAINING PLENARY  
POWER. ANY  
RESPONSIBILITY NOT  
DELEGATED TO  
MANAGEMENT OR A  
COMMITTEE OF THE  
BOARD REMAINS WITH  
THE BOARD.  
CHARTERS HAVE BEEN  
ADOPTED FOR EACH  
OF THE COMMITTEES  
OUTLINING THEIR  
PRINCIPAL  
RESPONSIBILITIES.  
EACH COMMITTEE  
REVIEWS ITS  
CHARTER ANNUALLY  
TO ENSURE IT IS IN  
LINE WITH THE  
CURRENT  
DEVELOPMENTS IN  
CORPORATE  
GOVERNANCE. THE  
CURRENT CHARTERS  
ARE AVAILABLE ON

TRANSCANADA'S  
WEBSITE AT  
www.transcanada.com  
AND ARE PUBLISHED  
IN THE AIF. - ----  
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TRANSCANADA CORPORATION C-5

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-- (ii) THE  
PRESIDENT AND  
CHIEF EXECUTIVE  
OFFICER Does  
TransCanada  
Align? YES  
Description of  
Approach THE  
BOARD HAS  
APPROVED TERMS  
OF REFERENCE FOR  
THE POSITION OF  
THE PRESIDENT  
AND CHIEF  
EXECUTIVE  
OFFICER, WHICH  
DEFINES THE  
PRESIDENT AND  
CHIEF EXECUTIVE  
OFFICER'S DUTIES  
AND  
RESPONSIBILITIES.  
THESE DUTIES  
INCLUDE: -- THE  
DEVELOPMENT AND  
RECOMMENDATION  
OF STRATEGIC  
PLANS TO THE  
BOARD THAT  
PROVIDE FOR  
TRANSCANADA'S  
PROFITABLE  
GROWTH AND  
OVERALL SUCCESS,  
INCLUDING  
INVOLVING THE  
BOARD IN THE  
EARLY STAGES OF  
STRATEGY  
DEVELOPMENT; --  
THE  
IMPLEMENTATION  
OF BUSINESS AND  
OPERATIONAL  
PLANS; --  
REPORTING  
REGULARLY TO THE  
BOARD ON THE  
OVERALL PROGRESS  
AND RESULTS  
AGAINST  
OPERATING AND  
FINANCIAL  
OBJECTIVES; --  
THE  
AUTHORIZATION OF  
THE COMMITMENT  
OF FUNDS TO  
CAPITAL PROJECTS  
NOT INCLUDED IN  
A PREVIOUSLY  
APPROVED BUDGET

OR OTHERWISE BY THE BOARD, TO A MAXIMUM OF \$25 MILLION; AND -- THE COMMITMENT OF CORPORATE RESOURCES AND ENTRANCE INTO AGREEMENTS IN THE ORDINARY COURSE OF BUSINESS IN ORDER TO PURSUE THE APPROVED STRATEGIES OF TRANSCANADA, WITH THE PROVISIO THAT MAJOR COMMITMENTS, EXPOSURES AND RISKS ARE REPORTED TO THE BOARD ON A REGULAR AND TIMELY BASIS. THE HUMAN RESOURCES COMMITTEE AND THE BOARD ANNUALLY REVIEW AND APPROVE THE PRESIDENT AND CHIEF EXECUTIVE OFFICER'S PERSONAL PERFORMANCE OBJECTIVES AND REVIEW WITH HIM HIS PERFORMANCE AGAINST THE PREVIOUS YEAR'S OBJECTIVES. - - -

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GUIDELINE 11 b  
BOARD OF DIRECTORS SHOULD APPROVE OR DEVELOP CORPORATE OBJECTIVES WHICH THE PRESIDENT AND CHIEF EXECUTIVE OFFICER IS RESPONSIBLE FOR MEETING Does TransCanada Align? YES  
Description of Approach THE HUMAN RESOURCES COMMITTEE CONDUCTS AN ANNUAL REVIEW OF THE PERFORMANCE OF TRANSCANADA AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER AS MEASURED AGAINST OBJECTIVES ESTABLISHED IN THE PRIOR YEAR BY THE BOARD, THE HUMAN RESOURCES COMMITTEE AND THE PRESIDENT

AND CHIEF EXECUTIVE OFFICER. THE RESULTS OF THIS ANNUAL REVIEW ARE COMMUNICATED TO THE BOARD, WHICH THEN MAKES AN EVALUATION OF THE OVERALL PERFORMANCE OF TRANSCANADA AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER. THE CHAIR AND THE CHAIR OF THE HUMAN RESOURCES COMMITTEE COMMUNICATE THIS PERFORMANCE EVALUATION TO THE PRESIDENT AND CHIEF EXECUTIVE OFFICER. THE EVALUATION IS USED BY THE HUMAN RESOURCES COMMITTEE IN ITS DELIBERATIONS CONCERNING THE PRESIDENT AND CHIEF EXECUTIVE OFFICER'S ANNUAL COMPENSATION. THE EVALUATION OF TRANSCANADA'S PERFORMANCE AGAINST CORPORATE OBJECTIVES ALSO FORMS PART OF THE DETERMINATION OF THE ENTIRE COMPENSATION OF ALL EMPLOYEES. -

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GUIDELINE 12  
ESTABLISH PROCEDURES TO ENABLE THE BOARD OF DIRECTORS TO FUNCTION INDEPENDENTLY OF MANAGEMENT Does TransCanada Align? YES  
Description of Approach THE GOVERNANCE COMMITTEE HAS THE RESPONSIBILITY TO ENSURE THAT THE BOARD FUNCTIONS INDEPENDENTLY OF MANAGEMENT. THE GOVERNANCE COMMITTEE'S RESPONSIBILITIES INCLUDE THE REVIEW OF TRANSCANADA'S STRUCTURES AND PROCEDURES TO

ENSURE THE BOARD IS ABLE TO FUNCTION INDEPENDENTLY OF MANAGEMENT AND THAT IT DOES SO FUNCTION. IN ADDITION, THE GOVERNANCE COMMITTEE MONITORS THE QUALITY OF THE RELATIONSHIP BETWEEN MANAGEMENT AND THE BOARD AND RECOMMENDS IMPROVEMENTS AS DEEMED NECESSARY OR DESIRABLE. AT THE CONCLUSION OF EACH BOARD MEETING, NON-MANAGEMENT DIRECTORS MEET WITHOUT THE PRESENCE OF MANAGEMENT TO DISCUSS THE ISSUES THAT HAVE ARISEN AT THE MEETING AND OTHER MATTERS OF INTEREST. THE BOARD, AS A MATTER OF POLICY, APPOINTS THE CHAIR AND VICE-CHAIR IN A NON-EXECUTIVE CAPACITY. - - - - -

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C-6 TRANSCANADA CORPORATION

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----- GUIDELINE  
13 ESTABLISH AN AUDIT COMMITTEE COMPOSED ONLY OF OUTSIDE DIRECTORS WITH SPECIFICALLY DEFINED ROLES AND RESPONSIBILITIES  
Does TransCanada Align? YES  
Description of Approach ALL FIVE MEMBERS OF THE AUDIT COMMITTEE ARE OUTSIDE, UNRELATED AND INDEPENDENT DIRECTORS. ALL MEMBERS OF THE AUDIT COMMITTEE ARE FINANCIALLY LITERATE AS DEFINED UNDER THE CANADIAN AUDIT COMMITTEE RULES AND THE PROPOSED

CANADIAN  
GOVERNANCE  
GUIDELINES. IN  
ADDITION, IN  
ACCORDANCE WITH  
THE SEC RULES, THE  
BOARD HAS  
SPECIFICALLY  
DETERMINED THAT IT  
HAS AT LEAST ONE  
AUDIT COMMITTEE  
FINANCIAL EXPERT  
SERVING ON ITS  
AUDIT COMMITTEE.  
MR. HARRY G.  
SCHAEFER HAS BEEN  
DETERMINED TO BE  
SUCH AUDIT  
COMMITTEE  
FINANCIAL EXPERT  
AND IS  
INDEPENDENT, AS  
THAT TERM IS  
DEFINED BY THE  
NYSE'S LISTING  
STANDARDS  
APPLICABLE TO  
TRANSCANADA. THE  
SEC RULES PROVIDE  
THAT THE  
DETERMINATION BY  
THE BOARD THAT MR.  
SCHAEFER IS AN  
"AUDIT COMMITTEE  
FINANCIAL EXPERT"  
AS DEFINED UNDER  
THOSE RULES DOES  
NOT MAKE MR.  
SCHAEFER AN  
"EXPERT" FOR ANY  
OTHER PURPOSE, NOR  
DOES IT IMPOSE A  
HIGHER DEGREE OF  
INDIVIDUAL  
RESPONSIBILITY OR  
OBLIGATION ON MR.  
SCHAEFER THAN THAT  
IMPOSED ON ANY  
OTHER DIRECTOR.  
RATHER, THE ROLE  
OF MR. SCHAEFER,  
LIKE THE ROLE OF  
ALL AUDIT  
COMMITTEE MEMBERS,  
IS TO OVERSEE THE  
AUDIT PROCESS AND  
NOT TO CERTIFY OR  
GUARANTEE THE  
ACCURACY OR  
COMPLETENESS OF  
THE INTERNAL OR  
EXTERNAL AUDIT OF  
TRANSCANADA'S  
FINANCIAL  
INFORMATION OR  
PUBLIC DISCLOSURE.  
THE CHARTER OF THE  
AUDIT COMMITTEE  
SPECIFICALLY  
DEFINES THE  
COMMITTEE'S ROLES  
AND  
RESPONSIBILITIES  
AND IS SUMMARIZED  
ELSEWHERE IN THIS  
PROXY CIRCULAR.  
THE CURRENT  
CHARTER IS  
PUBLISHED ON  
TRANSCANADA'S  
WEBSITE AT  
www.transcanada.com  
AND IN THE AIF. -  
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[TRANSCANADA LOGO]

[COMPUTERSHARE LOGO]

Computershare Trust Company of Canada
9th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1
www.computershare.com

SECURITY CLASS

HOLDER ACCOUNT NUMBER

Please print in ink. Print in CAPITAL
letters inside the grey areas as shown in
this example.

/ A / B / C / / 1 / 2 / 3 / / X /

FORM OF PROXY - ANNUAL AND SPECIAL MEETING TO BE HELD ON APRIL 23, 2004

NOTES TO PROXY

- 1. EVERY HOLDER HAS THE RIGHT TO APPOINT SOME OTHER PERSON OF THEIR CHOICE, WHO NEED NOT BE A HOLDER, TO ATTEND AND ACT ON THEIR BEHALF AT THE MEETING. IF YOU WISH TO APPOINT A PERSON OTHER THAN THE PERSONS WHOSE NAMES ARE PRINTED HEREIN, PLEASE INSERT THE NAME OF YOUR CHOSEN PROXYHOLDER IN THE SPACE PROVIDED (SEE REVERSE).
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc.), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you may be required to provide documentation evidencing your power to sign this proxy with signing capacity stated.
3. This proxy should be signed in the exact manner as the name appears on the proxy.
4. If this proxy is not dated, it will be deemed to bear the date on which it is mailed by Management to the holder.
5. THE SECURITIES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED BY THE HOLDER, HOWEVER, IF SUCH A DIRECTION IS NOT MADE IN RESPECT OF ANY MATTER, THIS PROXY WILL BE VOTED AS RECOMMENDED BY MANAGEMENT.

VOTE USING THE TELEPHONE OR INTERNET 24 HOURS A DAY 7 DAYS A WEEK!
VOTING BY MAIL may be the only method for holdings held in the name of a corporation or holdings being voted on behalf of an individual.
VOTING BY MAIL OR BY INTERNET are the only methods by which a holder may appoint a person as proxyholder other than the Management nominees named on the reverse of this proxy.
Instead of mailing this proxy, you may choose one of the two voting methods outlined below to vote this proxy. Have this proxy in hand when you call.
RECEIVE DOCUMENTS ELECTRONICALLY - You can enrol to receive future securityholder communication electronically, after you vote using the Internet. If you don't vote online, you can still enrol for this service. Follow the instructions below.

[GRAPHIC] TO VOTE USING THE TELEPHONE (WITHIN CANADA AND U.S.)
[GRAPHIC] TO VOTE USING THE INTERNET [GRAPHIC] TO RECEIVE DOCUMENTS ELECTRONICALLY
- Call the toll free number - Go to the following web site: - You can enrol to



10. J.  
R. Paul  
/ / / /  
03. P.  
Gauthier  
/ / / /  
07. P.  
L.  
Joskow  
/ / / /  
11. H.  
G.  
Schaefer  
/ / / /  
04. R.  
F.  
Haskayne  
/ / / /  
08. H.  
N.  
Kvisle  
/ / / /  
12. W.  
T.  
Stephens  
/ / / /

2. APPOINTMENT OF AUDITORS

	FOR	WITHHOLD
Appointment of KPMG LLP, Chartered Accountants, as Auditors and authorize the directors to fix their remuneration.	/ /	/ /

3. AMENDMENTS TO THE STOCK OPTION PLAN

	FOR	AGAINST
Resolution amending the Stock Option Plan, as described in the accompanying Management Proxy Circular.	/ /	/ /

4. APPROVAL OF THE SHAREHOLDER RIGHTS PLAN

	FOR	AGAINST
Resolution continuing and ratifying, confirming and approving the Shareholder Rights Plan, as described in the accompanying Management Proxy Circular.	/ /	/ /

THE PROXY IS SOLICITED ON BEHALF OF THE MANAGEMENT OF THE COMPANY. This form of the proxy, when properly executed, confers discretionary authority with respect to amendments to the matters identified in the Notice of Annual Meeting or other matters which properly come before the Meeting and the replacement of any nominee identified above if such nominee becomes unable or unwilling to serve. Management knows of no such amendments replacements or other matters. The shares represented by this proxy will be voted or withheld from voting on any ballot that may be called for. Where the person whose proxy is solicited specifies a choice with respect to any matter to be voted upon, the shares shall be voted in accordance with the choice so made. IF NO CHOICE IS SPECIFIED, THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED IN FAVOUR OF THE MATTER.

AUTHORIZED SIGNATURE(S) - SIGN HERE - THIS SECTION MUST BE COMPLETED FOR YOUR INSTRUCTIONS TO BE EXECUTED.

I/We hereby revoke any proxy previously given with respect to the Meeting. IF NO VOTING INSTRUCTIONS ARE INDICATED ABOVE, THIS PROXY WILL BE VOTED AS RECOMMENDED BY MANAGEMENT. I/We authorize you to act in accordance with my/our instructions set out herein.

Signature(s)	Date - Day	Month	Year
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INTERIM FINANCIAL DISCLOSURE

In accordance with securities regulations, shareholders may elect annually to receive interim financial statements, if they so request. If you wish to receive interim financial statements, please mark this box:	/ /	Mark this box if you would like to receive interim financial statements.
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