

CORPORATE

CORPORATE RESULTS-AT-A-GLANCE*Year ended December 31 (millions of dollars)*

	2006	2005	2004
Indirect financial charges and non-controlling interests	136	130	79
Interest income and other	(43)	(29)	(34)
Income taxes	(132)	(65)	(43)
Net (earnings)/expenses, after tax	(39)	36	2

Corporate reflects net expenses not allocated to specific business segments, including:

- **Indirect Financial Charges and Non-Controlling Interests** Direct financial charges are reported in their respective business segments and are primarily associated with the debt and preferred securities related to the Company's wholly owned pipelines. Indirect financial charges, including the related foreign exchange impacts, primarily reside in Corporate. These costs are directly impacted by the amount of debt that TransCanada maintains and the degree to which TransCanada is impacted by fluctuations in interest rates and foreign exchange.
- **Interest Income and Other** Interest income includes interest earned on invested cash balances and income tax refunds. Gains and losses on foreign exchange related to working capital in Corporate are also included in interest income and other.
- **Income Taxes** Income tax recoveries includes income taxes calculated on Corporate's net expenses as well as income tax refunds and adjustments.

Net earnings, after tax, in Corporate were \$39 million in 2006 compared to net expenses of \$36 million in 2005 and \$2 million in 2004.

The increase of \$75 million in net earnings in 2006, compared to 2005, was primarily due to a \$50-million income tax benefit related to the resolution of certain income tax matters reported in third quarter 2006, \$12 million of income tax refunds and related interest income in fourth quarter 2006, and a \$10-million favourable impact on future income taxes arising from reductions in Canadian federal and provincial corporate income tax rates in second quarter 2006. In addition, net earnings in 2006 were positively impacted by the effect of a weaker U.S. dollar.

The increase of \$34 million in net expenses in 2005 compared to 2004 was primarily due to increased interest expense on higher average long-term debt and commercial paper balances in 2005 as well as the release in 2004 of previously established restructuring provisions. Income tax refunds and positive tax adjustments were comparable in 2004 and 2005.

Corporate's net expenses are expected to be higher in 2007 compared to 2006 primarily due to income tax refunds and positive income tax adjustments realized in 2006 that are not expected to recur in 2007. Financing costs associated with the acquisition of ANR are expected to increase net expenses in Corporate in 2007. In addition, Corporate's results could be impacted by debt levels, interest rates, foreign exchange movements and income tax refunds and adjustments. The performance of the Canadian dollar relative to the U.S. dollar will either positively or negatively impact Corporate's results, although this impact is mitigated by offsetting exposures in certain of TransCanada's other businesses as well as through the Company's hedging activities.