accounting guidance under IFRS could have a significant effect on the scope of the project and on TransCanada's financial results.

U.S. GAAP

As an SEC registrant, TransCanada is currently required to prepare and file a reconciliation from Canadian GAAP to U.S. GAAP. The differences that have the most significant impact on TransCanada, as outlined in the reconciliation, include valuation of proprietary natural gas inventory held in storage, measurement of the deficit or surplus of defined benefit pension plans and recognition of deferred tax liabilities for TransCanada's rate-regulated business. As previously noted, effective January 1, 2009, the U.S. GAAP difference with respect to recognition of deferred tax liabilities for TransCanada's rate-regulated businesses will be eliminated.

SELECTED QUARTERLY CONSOLIDATED FINANCIAL DATA[1]

	2008			
(unaudited) *(millions of dollars except per share amounts)*	**Fourth**	**Third**	**Second**	**First**
Revenues	**2,332**	**2,137**	**2,017**	**2,133**
Net Income	**277**	**390**	**324**	**449**
Share Statistics				
Net income per share – Basic	**$0.47**	**$0.67**	**$0.58**	**$0.83**
Net income per share – Diluted	**$0.46**	**$0.67**	**$0.58**	**$0.83**
Dividend declared per common share	**$0.36**	**$0.36**	**$0.36**	**$0.36**

	2007			
(unaudited) *(millions of dollars except per share amounts)*	Fourth	Third	Second	First
Revenues	2,189	2,187	2,208	2,244
Net Income	377	324	257	265
Share Statistics				
Net income per share – Basic	$0.70	$0.60	$0.48	$0.52
Net income per share – Diluted	$0.70	$0.60	$0.48	$0.52
Dividend declared per common share	$0.34	$0.34	$0.34	$0.34

(1) The selected quarterly consolidated financial data has been prepared in accordance with Canadian GAAP.

Factors Impacting Quarterly Financial Information

In Pipelines, which consists primarily of the Company's investments in regulated pipelines and regulated natural gas storage facilities, annual revenues and net earnings fluctuate over the long term based on regulators' decisions and negotiated settlements with shippers. Generally, quarter-over-quarter revenues and net earnings during any particular fiscal year remain relatively stable with fluctuations resulting from adjustments being recorded due to regulatory decisions and negotiated settlements with shippers, seasonal fluctuations in short-term throughput volumes on U.S. pipelines, acquisitions and divestitures, and developments outside of the normal course of operations.

In Energy, which consists primarily of the Company's investments in electrical power generation plants and non-regulated natural gas storage facilities, quarter-over-quarter revenues and net earnings are affected by seasonal weather conditions, customer demand, market prices, planned and unplanned plant outages, acquisitions and divestitures, and developments outside of the normal course of operations.

Significant developments that affected quarterly net earnings in 2008 and 2007 were as follows:

- ***Fourth quarter 2008***, Energy's net earnings included net unrealized gains of $6 million after tax ($7 million pre-tax) due to changes in fair value of proprietary natural gas storage inventory and natural gas forward purchase and sale contracts. Corporate's net expenses included net unrealized losses of $39 million after tax ($57 million pre-tax) for changes in the fair value of derivatives, which are used to manage the Company's exposure to rising interest rates but do not qualify as hedges for accounting purposes.
- ***Third quarter 2008***, Energy's net earnings included contributions from the August 26, 2008 acquisition of Ravenswood. Corporate's net earnings included favourable income tax adjustments of $26 million from an internal restructuring and realization of losses.
- ***Second quarter 2008***, Energy's net earnings included net unrealized gains of $8 million after tax ($12 million pre-tax) due to changes in fair value of proprietary natural gas storage inventory and natural gas forward purchase and sale contracts. In addition, Western Power's revenues and operating income increased due to higher overall realized prices and market heat rates in Alberta.
- ***First quarter 2008***, Pipelines' net earnings included $152 million after tax ($240 million pre-tax) from the Calpine bankruptcy settlements received by GTN and Portland, and proceeds of $10 million after tax ($17 million pre-tax) from a lawsuit settlement. Energy's net earnings included a writedown of $27 million after tax ($41 million pre-tax) of costs related to Broadwater and net unrealized losses of $12 million after tax ($17 million pre-tax) due to changes in the fair value of proprietary natural gas storage inventory and natural gas forward purchase and sale contracts.
- ***Fourth quarter 2007***, net earnings included $56 million ($30 million in Energy and $26 million in Corporate) of favourable income tax adjustments resulting from reductions in Canadian federal income tax rates and other legislative changes, and a $14 million ($16 million pre-tax) gain on sale of land previously held for development. Pipelines' net earnings increased as a result of recording incremental earnings related to the rate case settlement reached for the GTN System, effective January 1, 2007. Energy's net earnings included net unrealized gains of $10 million after tax ($15 million pre-tax) due to changes in fair value of proprietary natural gas storage inventory and natural gas forward purchase and sale contracts.
- ***Third quarter 2007***, net earnings included $15 million of favourable income tax reassessments and associated interest income relating to prior years.
- ***Second quarter 2007***, net earnings included $16 million ($4 million in Energy and $12 million in Corporate) related to positive income tax adjustments resulting from reductions in Canadian federal income tax rates. Pipeline's net earnings increased as a result of a settlement reached on the Canadian Mainline, which was approved by the NEB in May 2007.
- ***First quarter 2007***, net earnings included $15 million related to positive income tax adjustments. In addition, Pipelines' net earnings included contributions from the February 22, 2007, acquisition of ANR and additional ownership interests in Great Lakes. Energy's net earnings included earnings from the Edson natural gas facility, which was placed in service on December 31, 2006.