

**TERMS OF REFERENCE FOR THE PRESIDENT
AND CHIEF EXECUTIVE OFFICER OF TRANSCANADA (the "Company")**

I. INTRODUCTION

- A.** The President and Chief Executive Officer reports to the Board of Directors of the Company, and maintains open communication with the Chair of the Board.
- B.** The President and Chief Executive Officer's primary responsibilities include:
 - i) providing overall leadership and vision in developing, in concert with the Board of Directors, the Company's strategic direction and the tactics and business plans necessary to realize corporate objectives; and
 - ii) managing the overall business to ensure strategic and business plans are effectively implemented, the results are monitored and reported to the Board, and financial and operational objectives are attained.

II. DUTIES AND RESPONSIBILITIES OF THE CHIEF EXECUTIVE OFFICER (the "CEO")

- A.** Lead and manage the Company within the strategic and business plans of the Company.
- B.** Develop and recommend strategic plans to the Board that ensure the Company's profitable growth and overall success. This includes updating and making changes as required, and involving the Board in the early stages of developing strategy.
- C.** Successfully implement the corresponding business and operational plans. Review and report regularly to the Board on the overall progress and results against operating and financial objectives and initiate courses of action for improvement.
- D.** Keep the Board fully informed on all aspects of the Company's operational and financial affairs, and on all matters of significant relevance to the Company. This includes external items emanating from governments and regulators on issues such as fiscal and monetary policies, legislation, etc.

- E.** Develop annual capital commitment and expenditure budgets for approval by the Board.
- F.** Develop annual operating forecasts of revenue, expenditures, operational results and financial performance. These forecasts serve as operating and financial guidelines and do not require Board approval except for those components specifically utilized in setting objectives for compensation purposes.
- G.** Authorize the commitment of funds to capital projects included in budgets approved by the Board. Authorize commitments and expenditures to a maximum of \$25 million for unbudgeted commitments and expenditures. A commitment to a new line of business is not considered to be in the normal course of business and must be approved by the Board prior to be incurred.
- H.** Authorize commitment of corporate resources. Enter into agreements, contracts, leases, etc. in the ordinary course of business, in order to pursue the approved strategies, business plans, and objectives of the Company, provided however, that major commitments, exposures, and risks will be reported to the Board on a regular and timely basis.
- I.** Develop and maintain a sound, effective organization structure, and ensure capable management succession, progressive employee training and development programs.
- J.** Annually establish and maintain a Board approved plan for senior management development and succession.
- K.** Provide the Board, at Board and committee meetings, with exposure to the Company's key management.
- L.** Authorize and ensure the development of disclosure controls and procedures and ensure that material information relating to the Company is known.
- M.** Authorize and ensure that effective control and co-ordination mechanisms for all operations and activities are in place including the establishment and development of internal controls. Ensure the integrity of the Company's management information systems.
- N.** Ensure the Company's assets are adequately safeguarded and optimized in the best interests of the shareholders.
- O.** Ensure effective communications and appropriate relationships are maintained with the shareholders of the Company and other stakeholders.

- P.** Manage and oversee the required interfaces between the Company and the public and act as the principal spokesperson for the Company.
- Q.** Maintain or cause to be maintained such industry, governmental, public or other external relationships as are deemed advisable and in the interests of the Company.
- R.** Ensure the safe, efficient operation of the Company and ensure compliance with the Company's environment, health and safety policies and practices.
- S.** Ensure when members of the executive leadership team are considering significant public service commitments and/or accepting outside Board appointments, they seek Governance Committee approval.
- T.** Incorporate in all actions honest and ethical conduct, including ethical handling of actual or apparent conflicts of interest and full, fair, accurate and timely disclosure of information.
- U.** Foster a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility. Develop a working environment in which all operations and activities of the Company are conducted in accordance with laws, regulations, the Company's Code of Business Ethics, sound business practice and in accordance with the policies and practices approved by the Board of Directors.