

TransCanada Corporation

Capturing Opportunities for Growth and Value Creation

Investor Meeting
September 2008

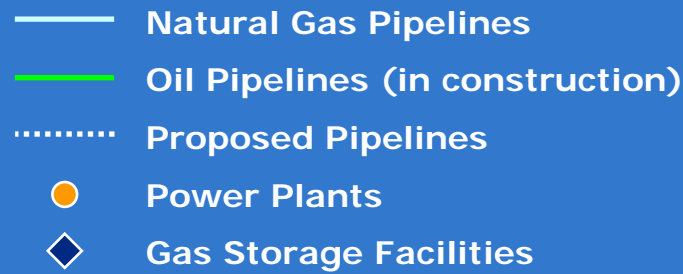


TransCanada
In business to deliver

Forward-Looking Information

This presentation may contain certain information that is forward looking and is subject to important risks and uncertainties. The words "anticipate", "expect", "may", "should", "estimate", "project", "outlook", "forecast" or other similar words are used to identify such forward-looking information. All forward-looking statements reflect TransCanada's beliefs and assumptions based on information available at the time the statements were made. Actual results or events may differ from those predicted in these forward-looking statements. Factors which could cause actual results or events to differ materially from current expectations include, among other things, the ability of TransCanada to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits, the operating performance of the Company's pipeline and energy assets, the availability and price of energy commodities, regulatory processes and decisions, changes in environmental and other laws and regulations, competitive factors in the pipeline and energy industry sectors, construction and completion of capital projects, labour, equipment and material costs, access to capital markets, interest and currency exchange rates, technological developments and the current economic conditions in North America. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause TransCanada's actual results and experience to differ materially from the anticipated results or expectations expressed. Additional information on these and other factors is available in the reports filed by TransCanada with Canadian securities regulators and with the U.S. Securities and Exchange Commission. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date it is expressed in this presentation or otherwise, and to not use future-oriented information or financial outlooks for anything other than their intended purpose. TransCanada undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

TransCanada Corporation (TSX/NYSE: TRP)



Portfolio of Quality Assets

- 59,000 km (36,500 mi) of wholly owned natural gas pipeline
- Interests in an additional 7,800 km (4,800 mi) of natural gas pipeline
- 15 Bcf/d
- 355 Bcf of natural gas storage capacity
- 19 power plants
- 10,900 megawatts
- Crude oil pipeline under construction

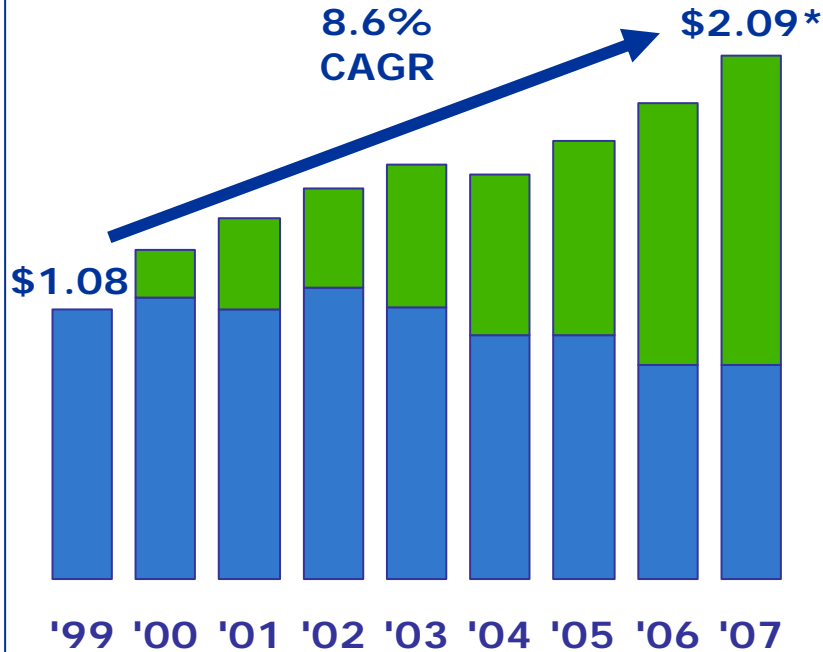
Three Value Creation Themes

- **Maximize and sustain the long-term value of our existing assets**
- **Complete greenfield projects on time and on budget**
- **Create and cultivate a high quality portfolio of future growth opportunities**

Financial Highlights

Earnings per Share

(Continuing Operations)



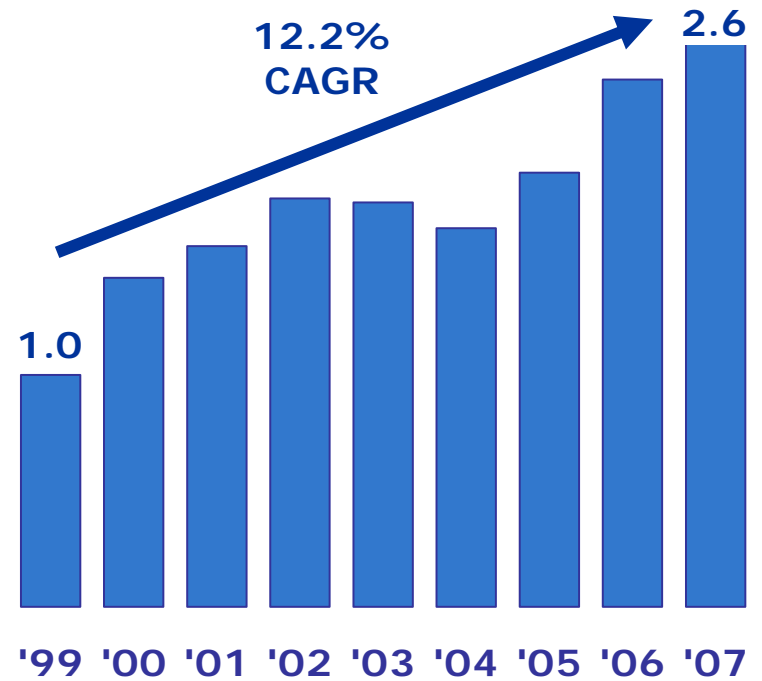
■ Canadian Pipes ■ U.S. Pipes, Energy & Corp.

* Excludes \$0.22 resulting from income tax adjustments and a gain on sale of land

Funds Generated from Operations

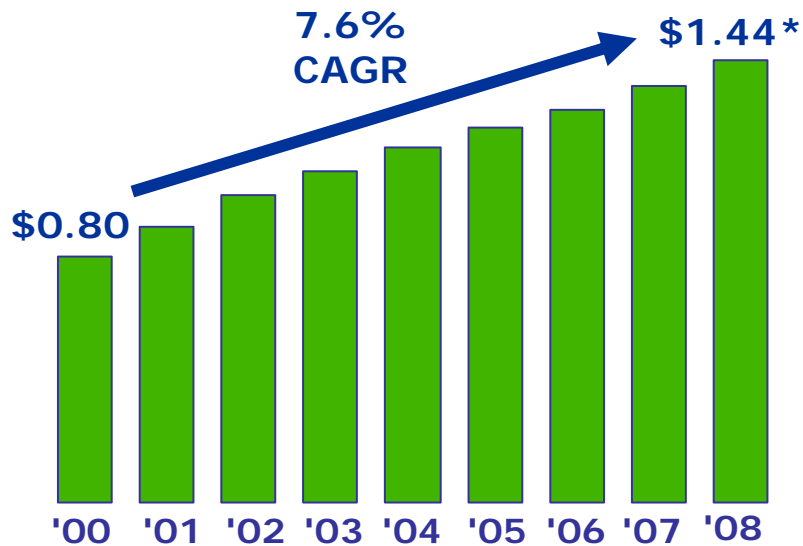
(Continuing Operations)

(\$Billions)



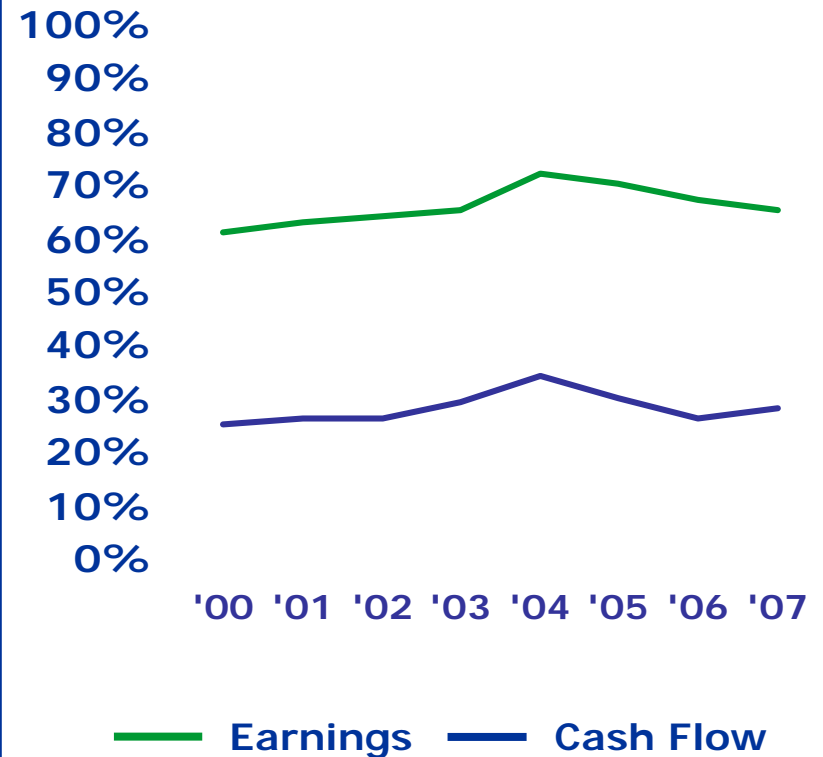
Financial Highlights

Dividends per Share



* Annualized amount based on Q3 2008 amount

Dividends as Percentage of Earnings and Cash Flow



Financial Highlights - Second Quarter 2008

- **Net income**
 - \$324 million or \$0.58 per share for second quarter, 21 per cent increase on a per share basis
 - \$773 million or \$1.40 per share for six months ended June 30, 40 per cent increase on a per share basis
- **Comparable earnings⁽¹⁾**
 - \$316 million or \$0.57 per share for second quarter, 27 per cent increase on a per share basis
 - \$642 million or \$1.17 per share for six months ended June 30, 24 per cent increase on a per share basis
- **Funds generated from operations⁽¹⁾**
 - \$676 million for second quarter, 13 per cent increase
 - \$1.6 billion for six months ended June 30, 36 per cent increase

⁽¹⁾ *Non-GAAP measure*

Consolidated Capital Commitments - \$17 Billion

Project	Capital Cost Estimate* (\$millions)	In-Service Date
<u>Pipelines:</u>		
Keystone (50%)	6,100	2009 - 2012
AB System – North Central Corridor	985	2009 - 2010
AB System	925	2008 - 2010
Bison	500	2010
ANR	350	2008 - 2010
Canadian Mainline & Other Pipelines	440	2008 - 2010
	<u>9,300</u>	
<u>Energy:</u>		
Bruce Power	3,000	2009 - 2013
Ravenswood	2,800	2008
Halton Hills	670	2010
Cartier Wind (62%)	680	2006 - 2012
Coolidge	500	2011
Portlands Energy Centre (50%)	365	2008 - 2009
Kibby Wind	320	2010
Other (primarily maintenance)	160	2008 - 2010
	<u>8,495</u>	
	<u><u>17,795</u></u>	

* Assumes US\$ to C\$ exchange rate of 1.0

Pipeline Assets

- Pipelines
- Proposed Pipelines
- ◆ Gas Storage Facilities

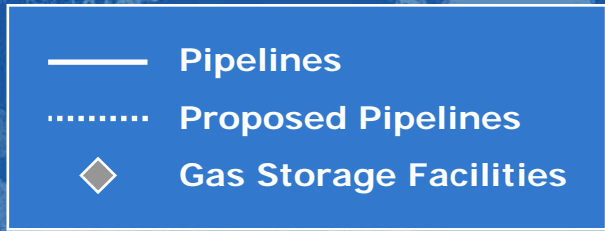


- 59,000 km (36,500 mi) of wholly owned natural gas pipeline
- Interests in an additional 7,800 km (4,800 mi) of natural gas pipeline
- 235 Bcf of regulated natural gas storage capacity
- Unparalleled connections from traditional and emerging basins to growing markets
- Average daily volume of approximately 15 Bcf
- Keystone oil pipeline
 - 1.1 million bpd

Pipeline Strategy

- **Maximize the profitability and long-term value of existing gas pipeline assets**
 - Negotiated settlements
 - Cross pipeline integration
 - Operational excellence
- **Grow the gas pipeline and related infrastructure business through organic growth and acquisitions**
 - Connect new supply with growing markets
 - Connect northern gas and LNG
 - Grow regulated natural gas storage
- **Capture opportunities in crude oil pipelines**
 - U.S. Midwest and U.S. Gulf Coast

Keystone Oil Pipeline



Keystone System*

- 1,090,000 bpd capacity
- 830,000 bpd binding contractual commitments for an average term of 18 years
- US\$12.2 billion
- In-service 2009 – 2012
- TransCanada interest (50%)
- Future expansion potential to 1,500,000 bpd capacity

* Comprises Keystone and Keystone Gulf Coast Expansion. Keystone in construction

Keystone Expansion – Competitive Advantages

- **Competitive Tolls to U.S. Gulf Coast**
- **Toll Certainty**
 - Fixed/variable toll design
- **Physical Advantages**
 - Short transit time
 - Reduced batch contamination/degradation
- **Firm Contract Capacity**

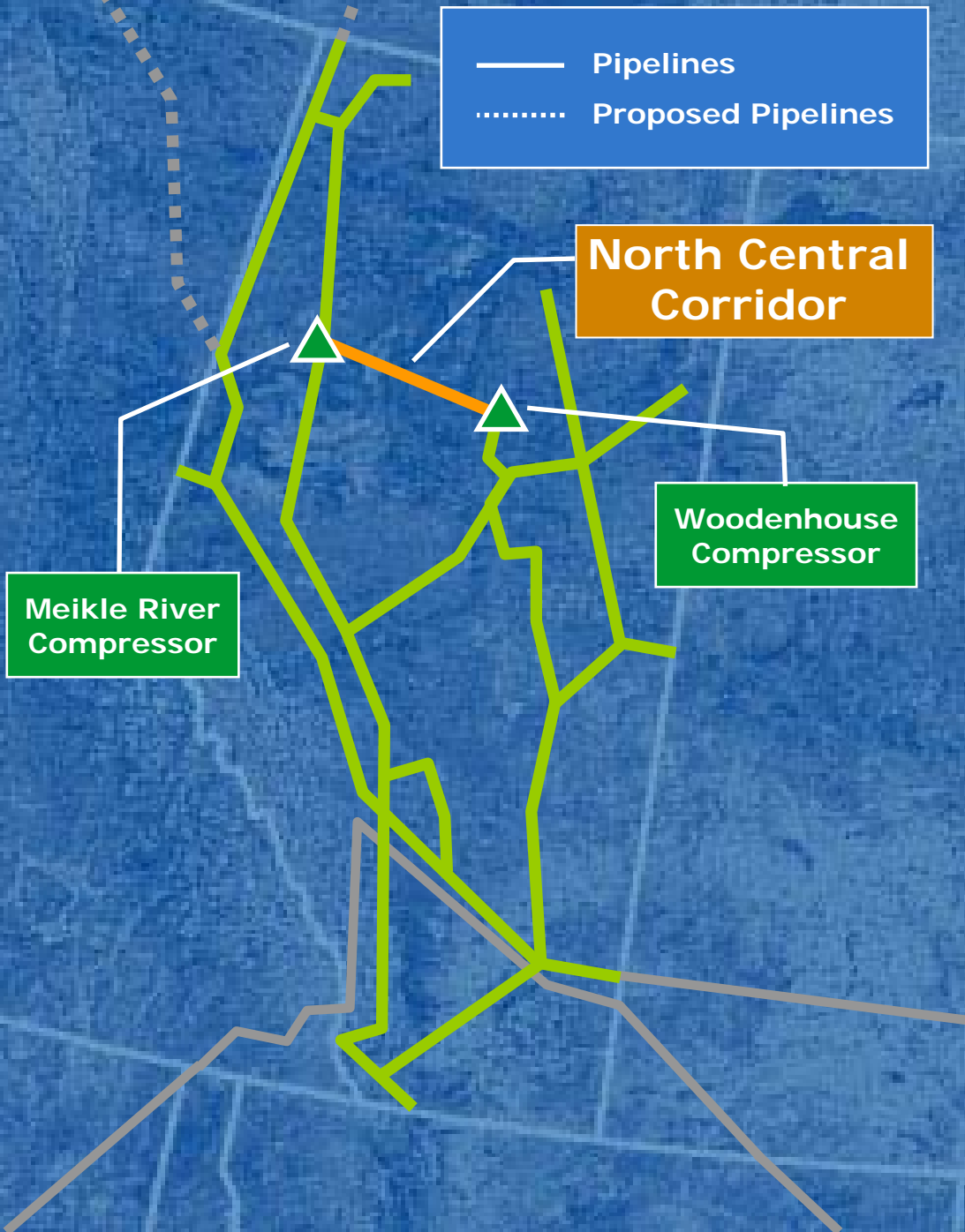
Keystone Expansion – Next Steps

- **Binding Open Season to U.S. Gulf Coast**
 - July 16 to September 4, 2008
- **Regulatory Approvals**
 - Commence filing applications in Q4 2008
 - Approvals in Canada and the U.S. expected by Q2 2010
- **Construction Expected to Commence in 2010**
 - Cushing to Gulf Coast - fall/winter 2010/2011
 - Hardisty to Steele City – summer 2011
- **In-Service – Port Arthur/Houston 2012**

Keystone – Future Expansions

- **Potential to Increase Capacity**
 - Expandable from 1.1 million bpd to 1.5 million bpd
 - Phased-in increments
- **Pumping Facilities**
 - Adds 200,000 bpd of capacity to U.S. Gulf Coast
 - Capital cost of approx. US\$300 million
- **Looping Steele City to Cushing**
 - Adds additional 200,000 bpd of capacity to U.S. Gulf Coast

Alberta System – North Central Corridor



- 300 km of 42" pipe
- 26 MW of compression
- Approximately \$1 billion
- In-service 2010
- Subject to regulatory approval
- Needed to accommodate evolving gas supply and demand dynamics both within and outside Alberta, including:
 - growing supply in NW Alberta and declining supply in NE Alberta
 - growing intra-Alberta markets related primarily to oil sands development

Alberta System

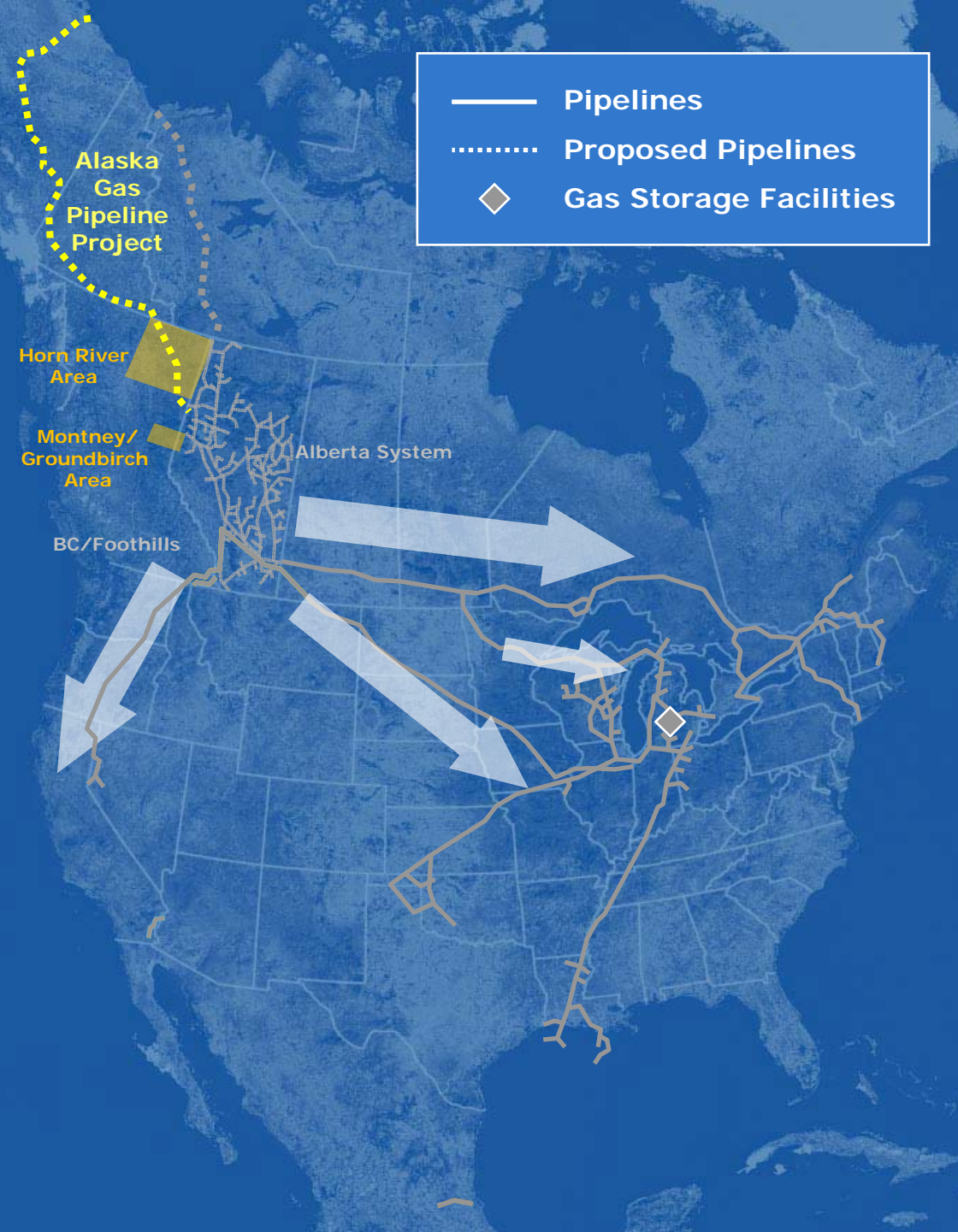
- Pipelines
- Proposed Pipelines

Fort McMurray
Demand Region

- **\$925 million of capital investment from 2008 to 2010 to serve growing demand**
- **\$1.9 billion estimated total capital investment from 2008 to 2010 (including North Central Corridor)**

Other Recent Developments - Pipelines

- Pipelines
- Proposed Pipelines
- ◇ Gas Storage Facilities



Alaska Pipeline

- Alaska Legislature voted in favour of granting TransCanada a license for the Alaska Pipeline Project under the Alaska Gasline Inducement Act in early August

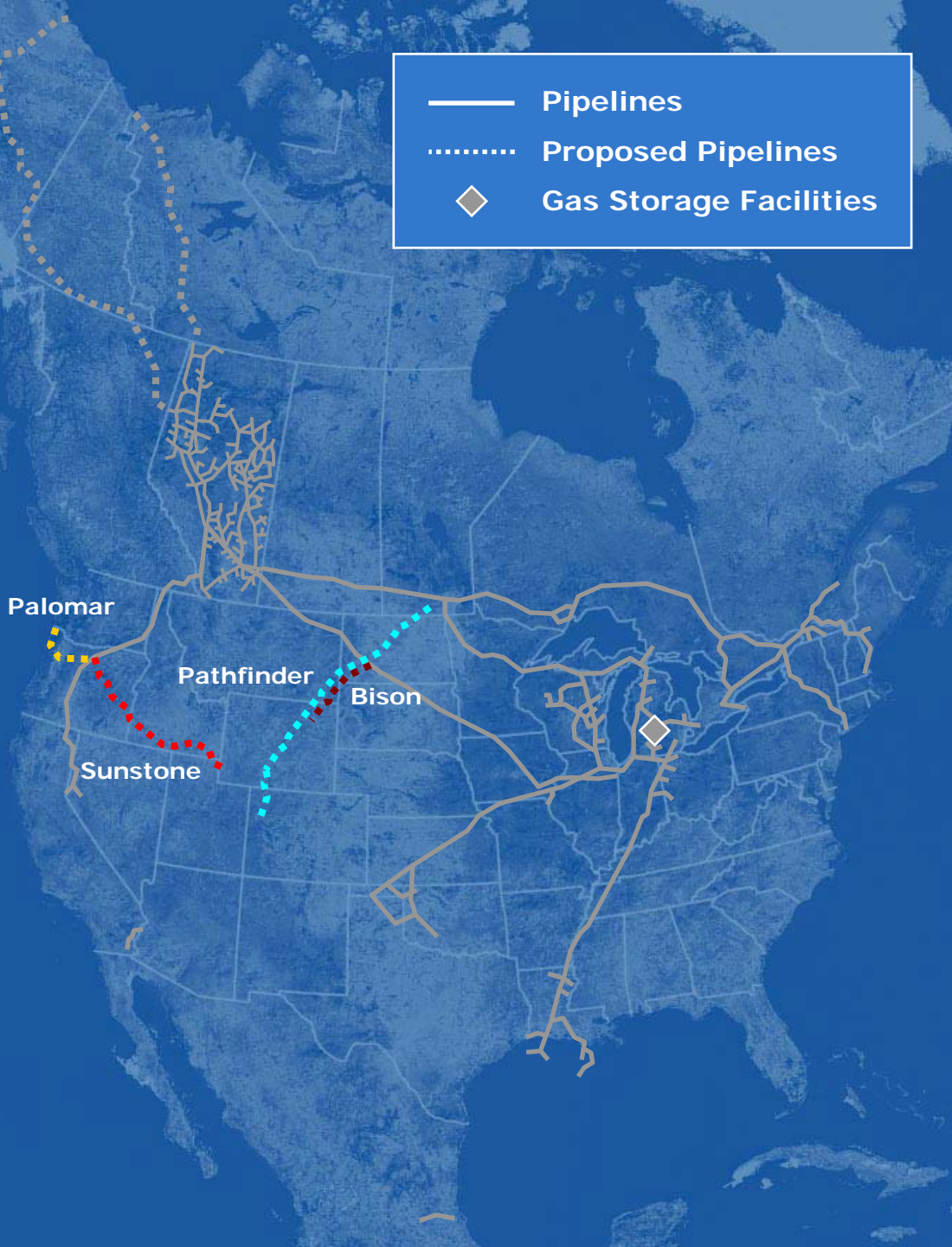
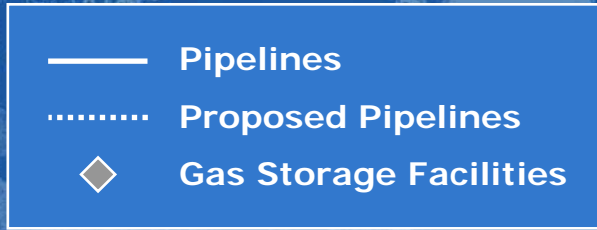
Horn River and Montney/Groundbirch Open Season

- Shipper requests for 1 bcf/d from each region by 2012 to connect Northeast BC gas supply to TransCanada's Alberta System

AB Jurisdiction Application

- Extend AB system across provincial borders
- Integrated service to Alberta and BC customers, and Northern gas producers

Other Recent Developments - Pipelines



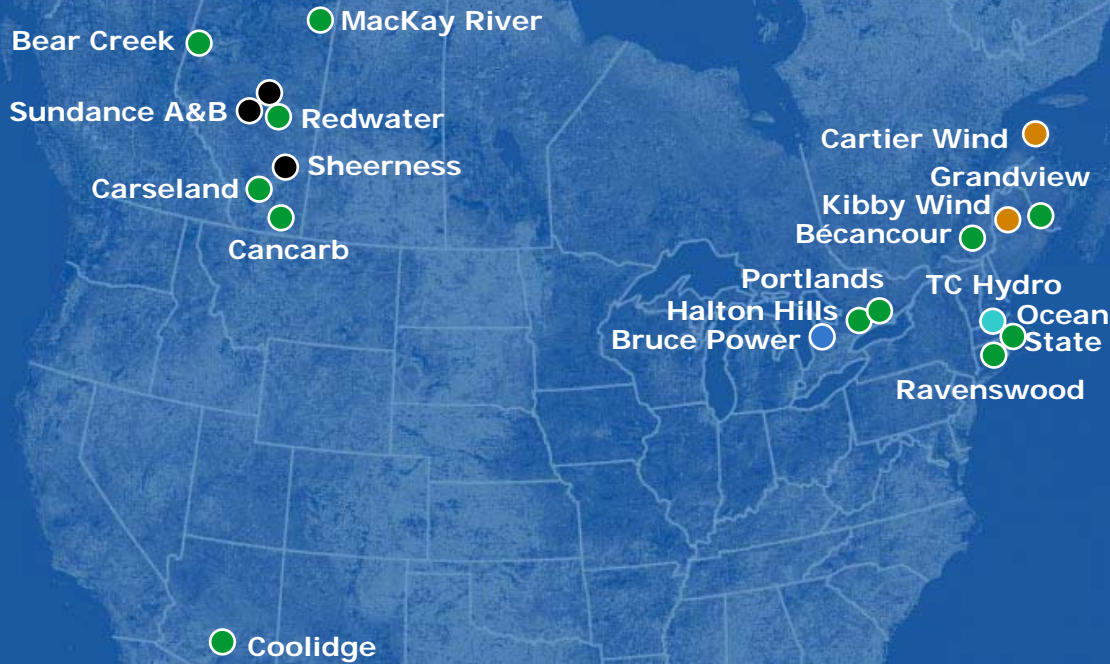
- ■ ■ ■ Bison
- ■ ■ ■ Pathfinder
- ■ ■ ■ Sunstone
- ■ ■ ■ Palomar

- Proposed pipelines would move growing U.S. Rockies natural gas supply to North American markets
- TransCanada recently acquired the Bison Pipeline Project from Northern Border
- Bison compliments the advances made on the larger Pathfinder Pipeline Project

Power Assets

- 19 plants
- 10,900 megawatts
- Diversified portfolio primarily consists of low-cost, base-load generation

- Gas (52%)
- Nuclear (23%)
- Coal (15%)
- Hydro (5%)
- Wind (5%)

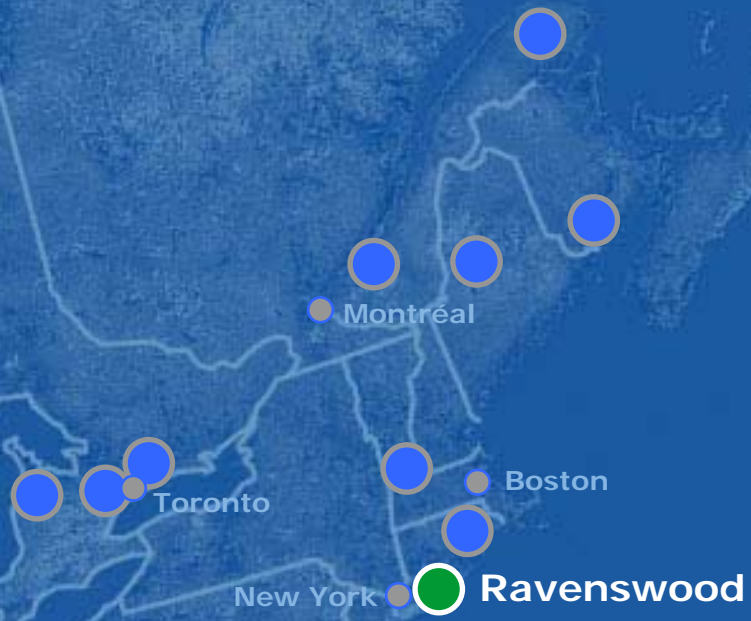


Power Strategy

- **Focus on markets where we have significant competitive advantages**
- **Pursue long-term power purchase arrangements with stable, predictable earnings**
 - Bécancour, Cartier, Grandview, Portlands, Halton Hills, Bruce A, Coolidge
- **Pursue low-cost, base-load generation with robust earnings and cash flow**
 - Alberta Coal PPAs, Bruce B, TC Hydro
- **Forward-selling to stabilize prices and reduce volatility**
 - Alberta output sold forward
 - Target approx. 75% / 50% / 25% of output over three years

Ravenswood Generating Station

- 2,480-MW facility
- US\$2.8 billion
- High quality asset in a market region we know
- Provides platform for future growth through expansions and re-powering opportunities



Ravenswood Generating Station

- **Market region where we have an established business**
 - NPCC Region
 - \$303 million in EBITDA in 2007 excluding Bruce
- **Favourable competitive position, attractive market**
 - 25% of NYC power generating capacity
 - Baseload (250 MW), Intermediate (1,753 MW) and Peak (478 MW)
 - NYC power import constraints
- **Revenue diversity**
 - Capacity, Energy and Ancillary Revenue
- **Expansion and re-powering potential**

Bruce Power L.P.

- **TransCanada's interest**
 - 48.7% in Bruce A
 - 31.6% in Bruce B
- **Long-term agreement with OPA to:**
 - restart Units A1 & A2
 - refurbish Units A3 & A4
- **TransCanada to invest approx. \$3 billion**



Bruce A and Bruce B

- Units 3-8 produce 4,700 MW
- Units 1-2 will add 1,500 MW

Bruce Power



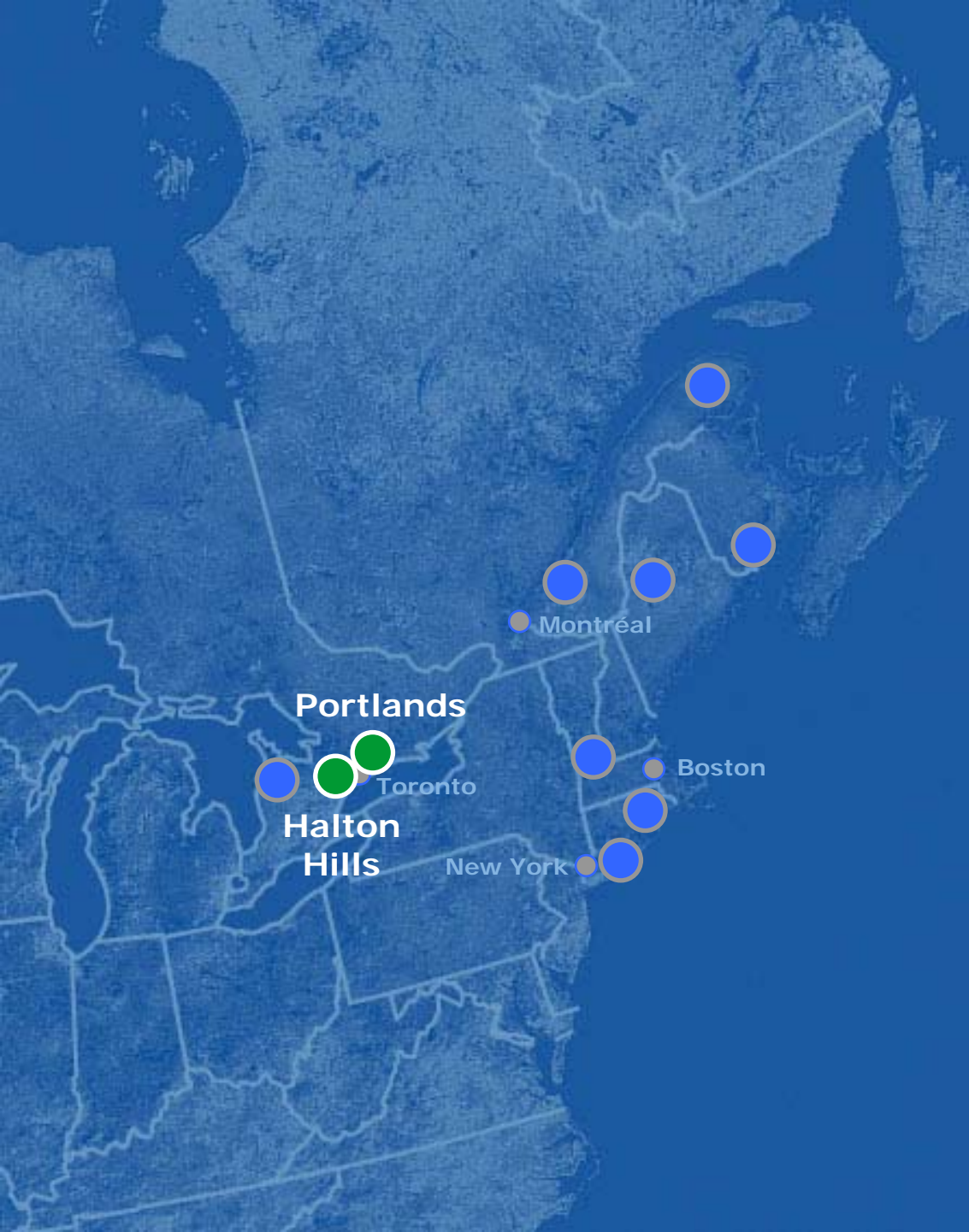
Toronto

New York

Montréal

Boston

Portlands Energy Centre / Halton Hills



Portlands Energy Centre

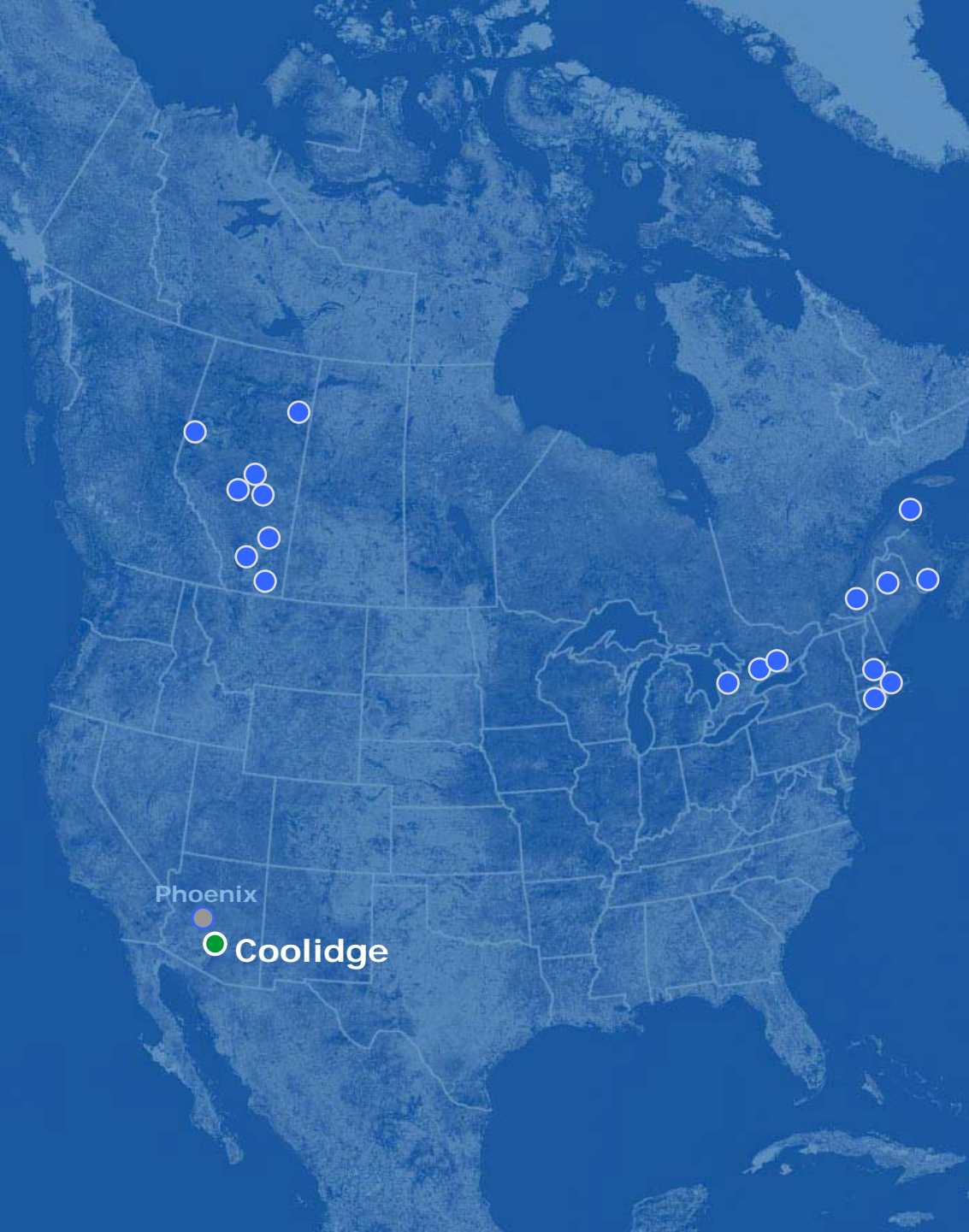
- 550-MW combined cycle plant
 - 340 MWs currently available in simple-cycle mode
- \$730 million
- In-service 2008-2009
- 20-year ACES contract with the Ontario Power Authority
- 50% interest

Halton Hills

- 683-MW natural gas-fired power plant
- \$670 million
- In-service 2010
- 20-year CES contract with the Ontario Power Authority
- 100% interest

Coolidge Generating Station

- Arizona represents an attractive growth market
- 575-MW simple cycle peaking plant
- 12 LM6000PC turbines
- US\$500 million
- In-service May 2011
- 20-year PPA with the Salt River Project Agricultural Improvement and Power District (SRP)
- 20-year capacity payment
- SRP has right to extend PPA for 10 years



Phoenix

Coolidge

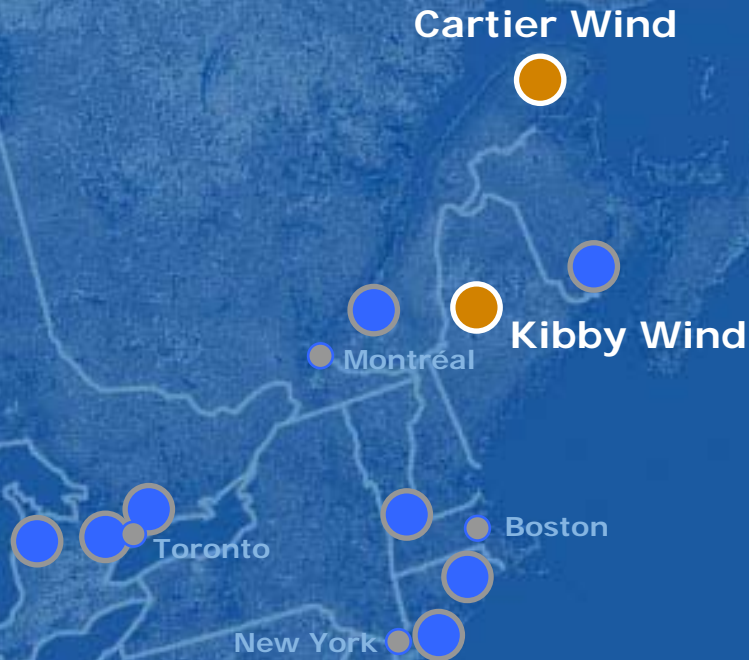
Cartier Wind / Kibby Wind

Cartier Wind

- Six separate projects
- 740 MWs in aggregate
- \$1.1 billion
- In-service between 2006 and 2012
- 20-year PPA with Hydro-Québec
- 62% interest
- 2 projects in-service (211 MWs)
- 3rd project under construction (110 MWs)

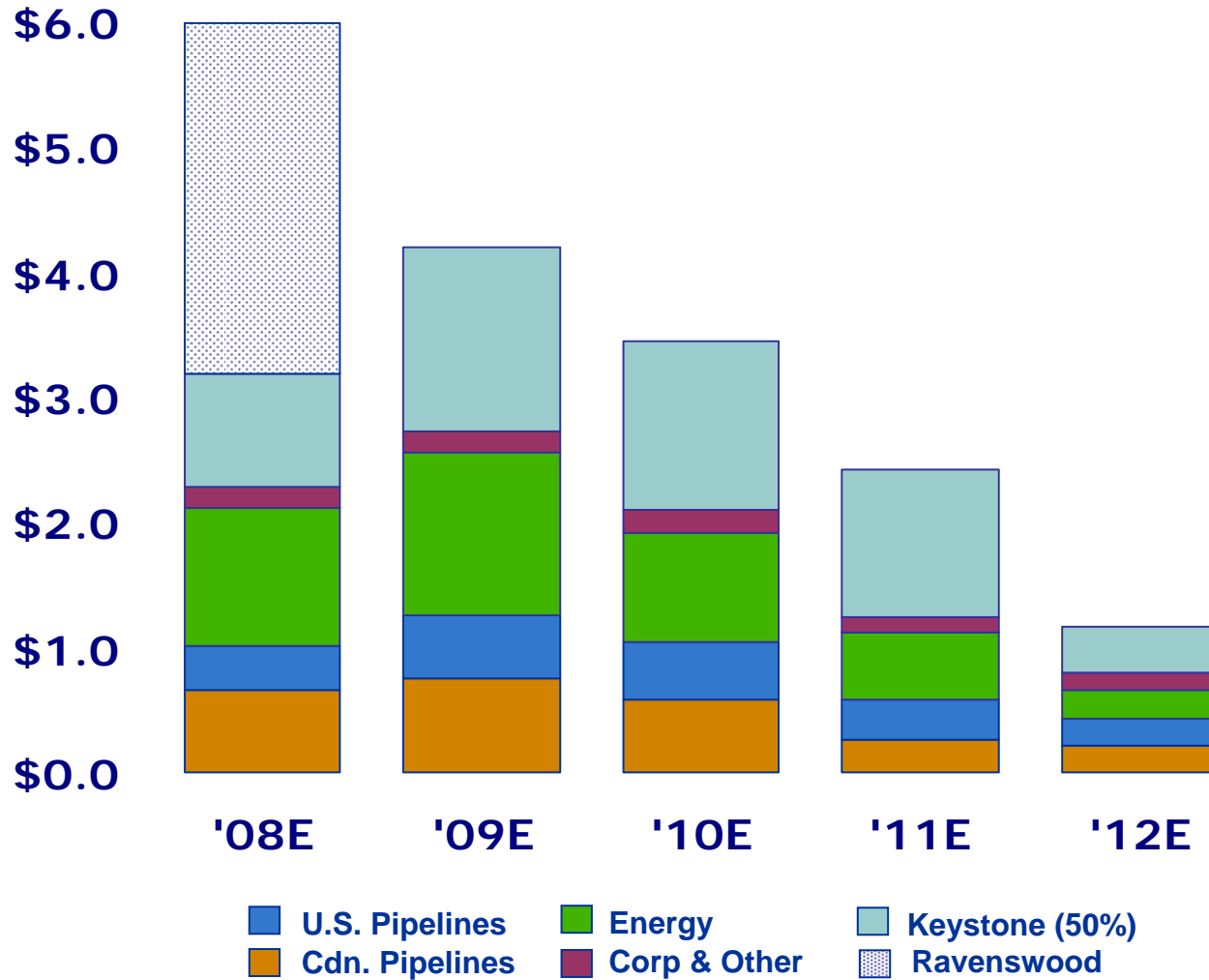
Kibby Wind

- 44 wind turbine generators
- 132 MWs in aggregate
- US\$320 million
- In-service between 2009 and 2010
- Power and renewable energy credits will be sold through short and long term contracts



Estimated Capital Spending 2008-2012

(\$Billions)



Funding Future Growth

Cash Available (C\$millions)	2007
-------------------------------------	-------------

Funds Generated from Operations	2,621
Cash Dividends (net of DRIP of \$157 million)	<u>(546)</u>
Discretionary Cash Flow	2,075
Balance Sheet Capacity (R. Earnings/DRIP/Leverage)	<u>1,100</u>
Cash Available	<u><u>3,175</u></u>

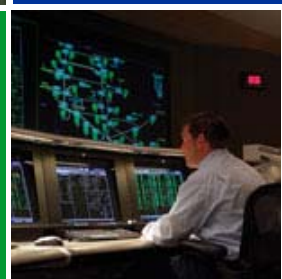
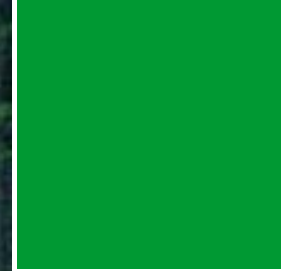
- **\$3 billion available per annum**
- **Future growth projects largely funded from strong cash flow**
- **Growing assets, growing cash flow, growing balance sheet capacity**
- **Hybrid and other securities**
- **Portfolio management is potential source of additional funding**
 - **Asset monetizations**
 - **TC PipeLines, LP**

Looking Ahead Five Years

TransCanada will have capitalized on increased demand for natural gas, crude oil and power by...

- Growing its industry-leading pipeline network in Canada, the U.S. and Mexico through acquisitions, expansions and northern pipeline development
- Completing the Keystone oil pipeline project and capturing other opportunities in crude oil transmission
- Growing strong and stable cash flow from premier power generation assets, in selected regions
- Capturing opportunities in gas storage and liquefied natural gas
- Growing strong and stable earnings and delivering sustainable dividends to shareholders
- Maximizing our financial strength and execution capability to enable us to capture additional large scale, value-creating opportunities

Delivering Superior Total Shareholder Returns



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