



Second Quarter 2015 Conference Call

July 31, 2015

Forward Looking Information and Non-GAAP Measures



This presentation includes certain forward looking information to help current and potential investors understand management's assessment of our future plans and financial outlook, and our future prospects overall. Statements that are forward-looking are based on certain assumptions and on what we know and expect today and generally include words like anticipate, expect, believe, may, will, should, estimate or other similar words. Forward-looking statements do not guarantee future performance. Actual events and results could be significantly different because of assumptions, risks or uncertainties related to our business or events that happen after the date of this presentation. Our forward-looking information is based on the following key assumptions: inflation rates, commodity prices and capacity prices, timing of financings and hedging, regulatory decisions and outcomes, foreign exchange rates, interest rates, tax rates, planned and unplanned outages and the use of our pipeline and energy assets, integrity and reliability of our assets, access to capital markets, anticipated construction costs, schedules and completion dates, acquisitions and divestitures.

Our forward looking information is subject to risks and uncertainties, including but not limited to: our ability to successfully implement our strategic initiatives and whether they will yield the expected benefits, the operating performance of our pipeline and energy assets, economic and competitive conditions in North America and globally, the availability and price of energy commodities and changes in market commodity prices, the amount of capacity sold and rates achieved in our pipeline businesses, the amount of capacity payments and revenues we receive from our energy business, regulatory decisions and outcomes, outcomes of legal proceedings, including arbitration and insurance claims, performance of our counterparties, changes in the political environment, changes in environmental and other laws and regulations, construction and completion of capital projects, labour, equipment and material costs, access to capital markets, interest and foreign exchange rates, weather, cyber security and technological developments. You can read more about these risks and others in our most recent Quarterly Report to Shareholders and 2014 Annual Report filed with Canadian securities regulators and the U.S. Securities and Exchange Commission (SEC) and available at www.transcanada.com.

As actual results could vary significantly from the forward-looking information, you should not put undue reliance on forward-looking information and should not use future-oriented information or financial outlooks for anything other than their intended purpose. We do not update our forward-looking statements due to new information or future events, unless we are required to by law.

This presentation contains reference to certain financial measures (non-GAAP measures) that do not have any standardized meaning as prescribed by U.S. generally accepted accounting principles (GAAP) and therefore may not be comparable to similar measures presented by other entities. These non-GAAP measures may include Comparable Earnings, Comparable Earnings per Share, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Comparable EBITDA, Earnings Before Interest and Taxes (EBIT), Comparable EBIT, Comparable Interest Expense, Comparable Interest Income and Other, Comparable Income Taxes and Funds Generated from Operations. Reconciliations to the most closely related GAAP measures are included in our most recent Quarterly Report to Shareholders filed with Canadian securities regulators and the SEC and available at www.transcanada.com.



Recent Developments

Russ Girling, President & CEO



Second Quarter 2015 Highlights



- Solid financial results for the quarter despite challenging market conditions
- Three core businesses once again demonstrated their resiliency
- We have advanced a number of key components of our \$12 billion of shorter term projects: Napanee, Northern Courier, Topolobampo, Mazatlan and NGTL expansions
- Progress made on projects that support B.C.'s emerging liquefied natural gas industry, also advanced our long distance crude oil pipeline initiatives
- Continue to work on additional opportunities in each of our three core businesses
- Given the highly contracted nature or regulated underpinning of these projects, once complete, they are expected to result in significant growth in earnings, cash flow and dividends through the end of the decade and beyond

Second Quarter 2015 Financial Highlights

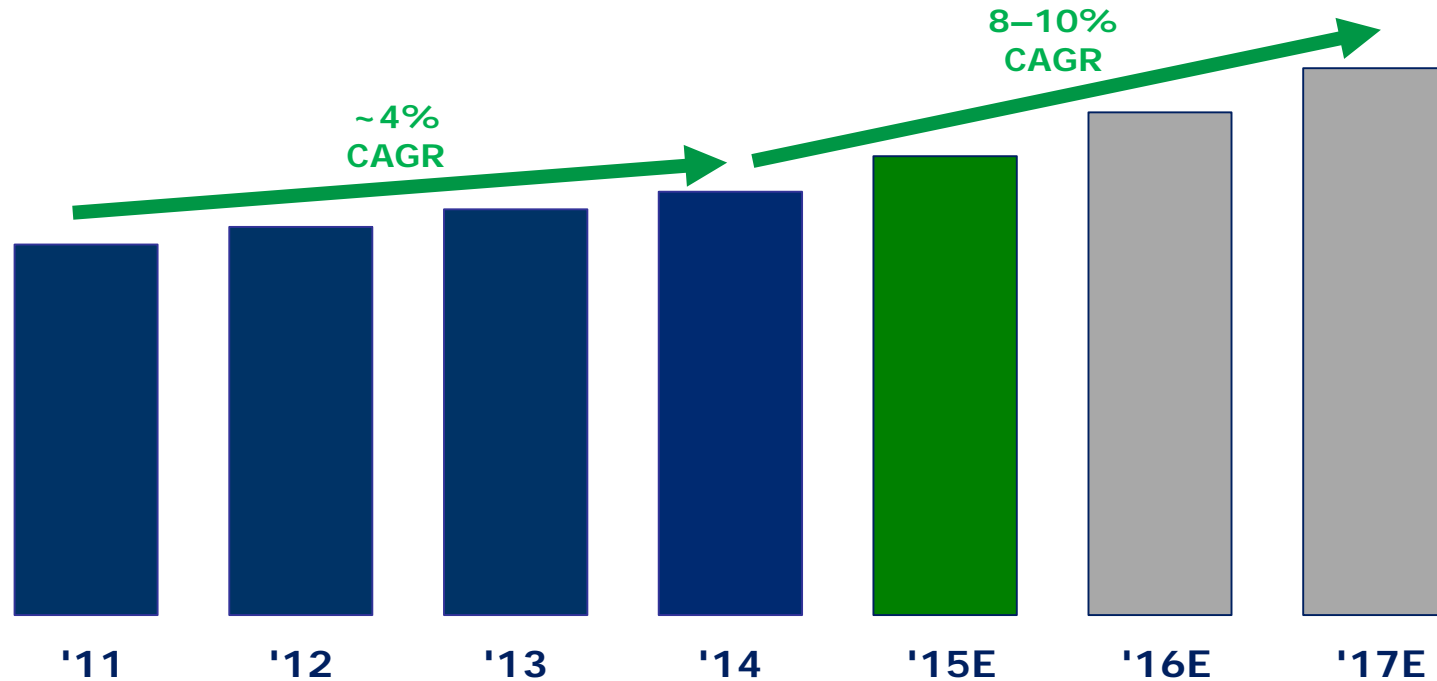


- Net income attributable to common shares was \$429 million or 60 cents per share
- Comparable earnings were \$397 million or 56 cents per share, a 20 per cent increase over \$332 million or 47 cents per share reported in Q2 2014
- Cash flow continued to grow compared to second quarter of last year
- Comparable EBITDA of \$1.4 billion and funds generated from operations of \$1.1 billion
- Board of Directors declared a quarterly dividend of 52 cents per common share for the quarter ending September 30, 2015

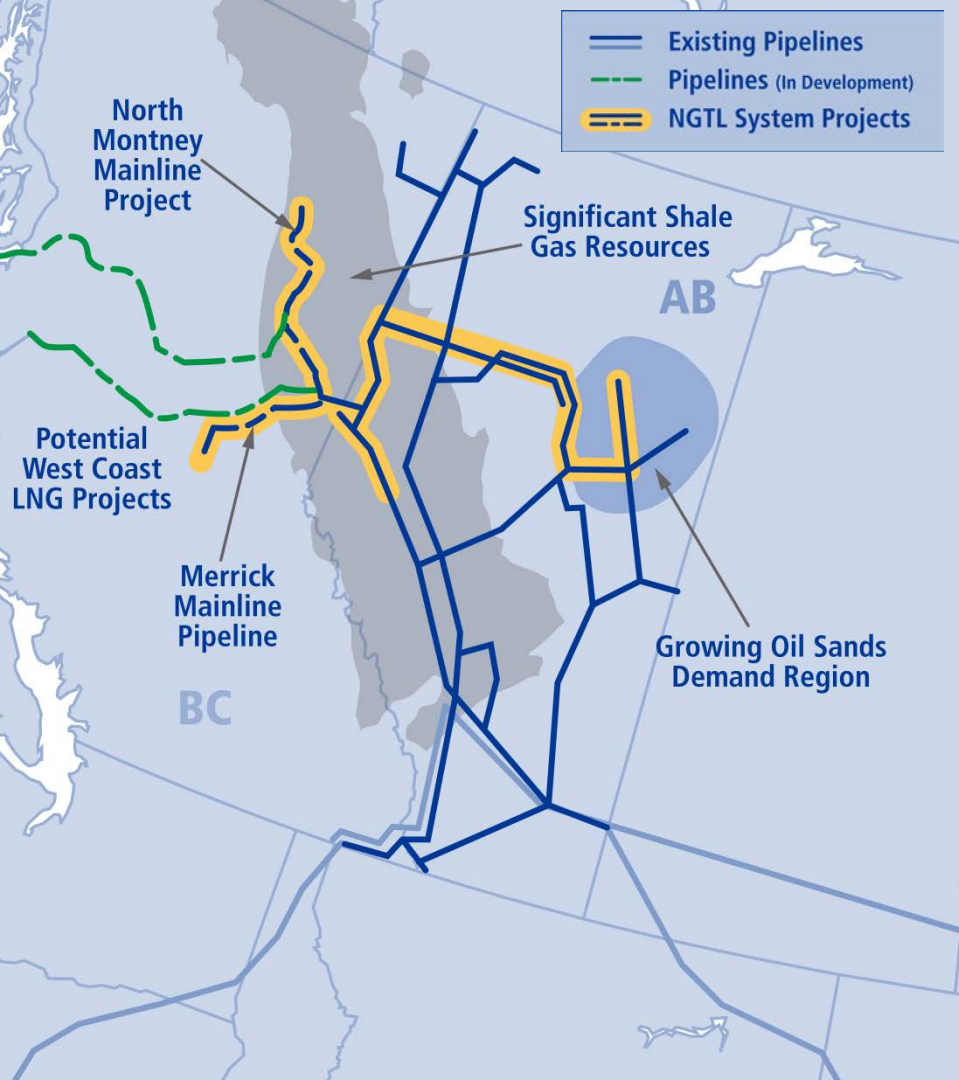
Dividend Growth Poised to Accelerate



*8 – 10% Growth Rate Expected Through 2017
Supported by Base Business and Small to Medium-Sized Projects...*

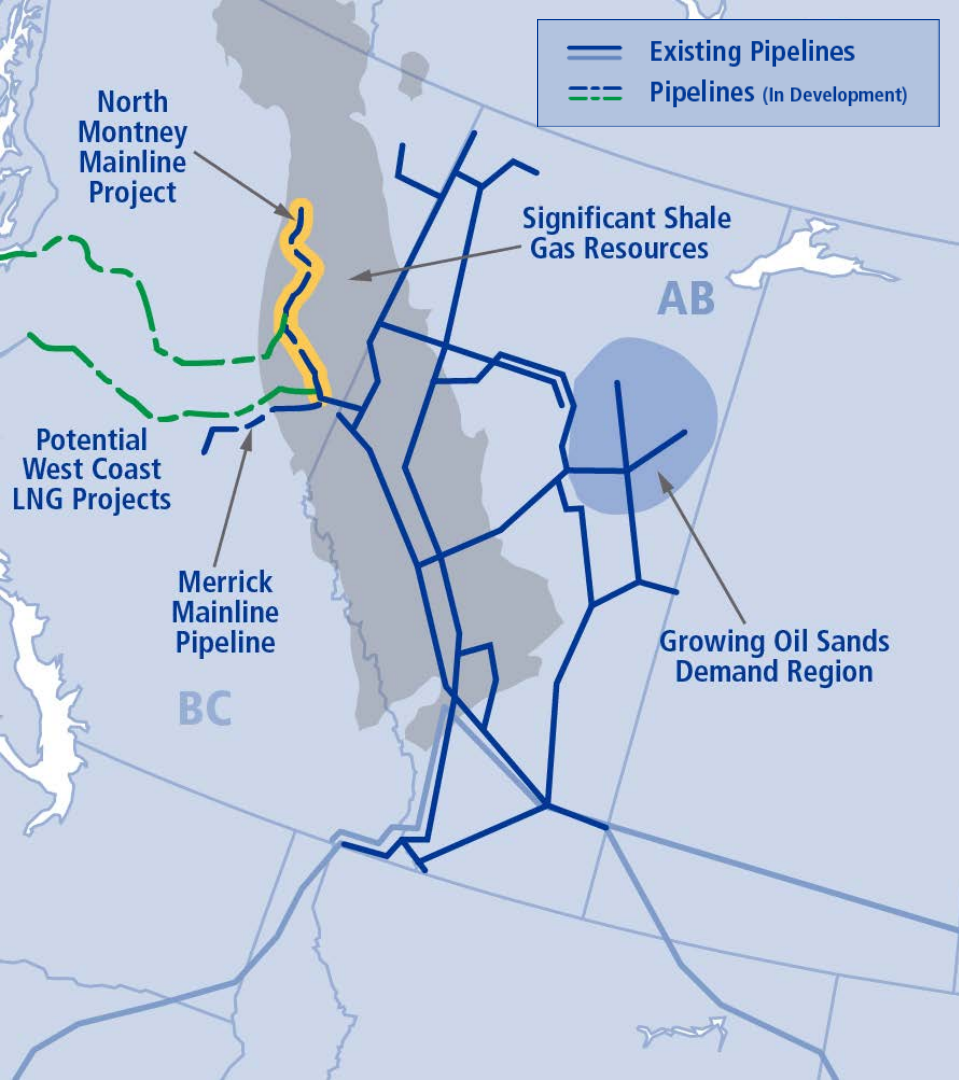


Large-Scale Project Success to Further Augment Growth



NGTL System Expansions

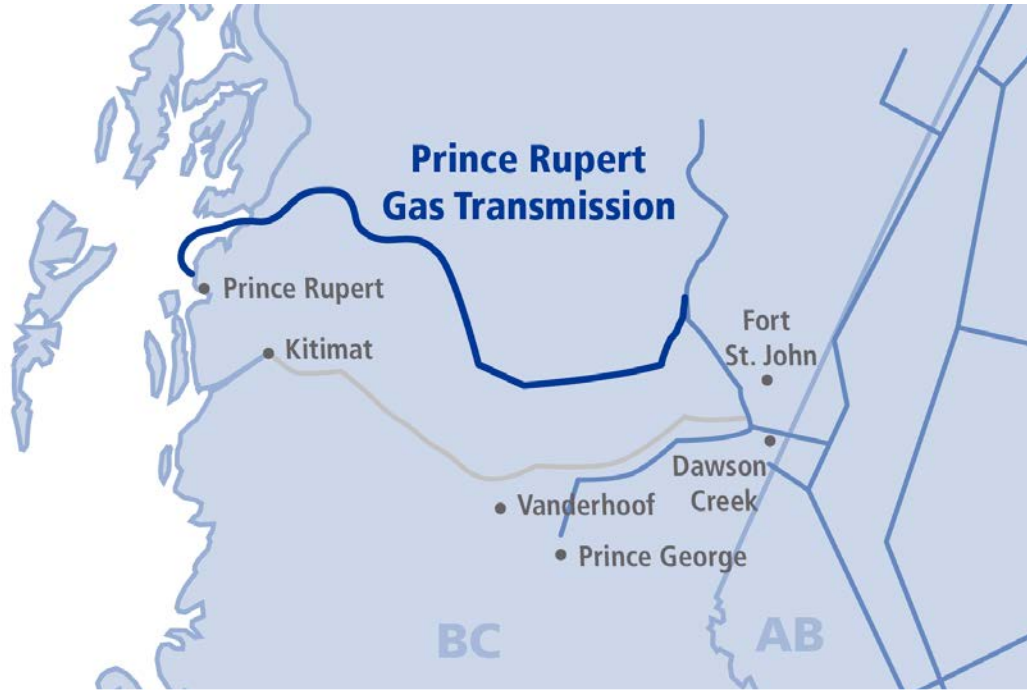
- Poised to almost double NGTL rate base with nearly \$7 billion of new supply and demand facilities being developed
- Continue to advance several expansion projects, plan to file additional NEB regulatory applications through 2015
- TransCanada has received further requests for firm receipt service, should increase overall capital spend on NGTL System
- In-service dates for majority of projects run through 2016, 2017 and 2018



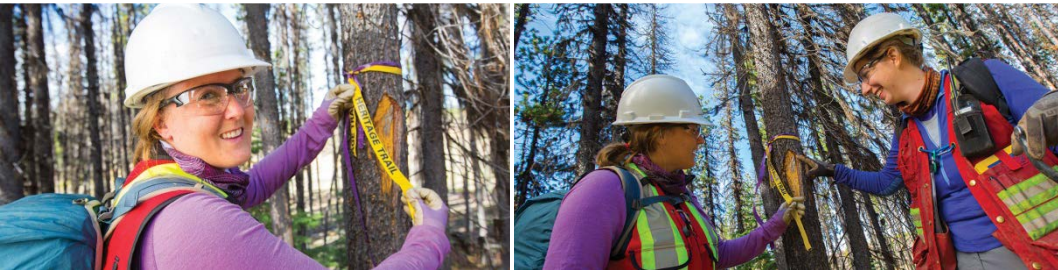
NGTL North Montney Project

- The Government of Canada accepted the National Energy Board's recommendation to approve the North Montney project
- 300 km project will consist of two large sections: Aitken Creek and Kahta
- This pipeline would connect B.C. and Alberta natural gas to existing and new markets including Pacific Northwest's LNG (PNW LNG) terminal via our Prince Rupert Gas Transmission Project (PRGT)
- Expect Aitken Creek to be operational in late 2016, Kahta in 2017
- Construction will begin after PNW LNG final investment decision (FID) and PRGT proceeds

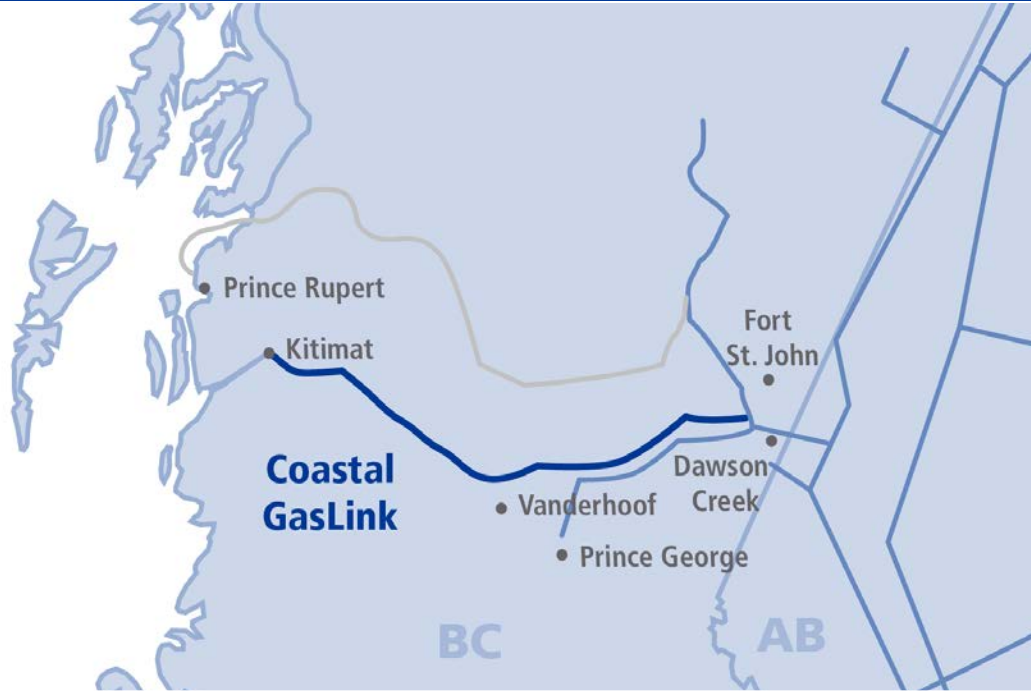
Prince Rupert Gas Transmission Project (PRGT)



- Positive FID by PNW LNG, subject to two conditions – second condition satisfied mid-July
- PRGT received six of 11 B.C. Oil and Gas Commission (BC OGC) permits, expect remainder in Q3 2015
- \$5 billion investment underpinned by long-term contract; costs re-based prior to construction
- Remain on target to begin construction of PRGT following confirmation of a FID from PNW LNG
- The in-service date for PRGT is estimated to be 2020 but will be aligned with PNW LNG's facility timeline



Coastal GasLink Project



- Announced last month we had signed project agreements with six B.C. First Nations
- Project has received eight of 10 permits from the BC OGC, expect final two in third quarter 2015
- Coastal GasLink will run from Dawson Creek to the proposed LNG Canada liquefied natural gas facility near Kitimat, B.C.
- \$4.8 billion investment underpinned by long-term contracts; costs re-based prior to construction
- We anticipate a FID in the first quarter of 2016



Energy East Project



- In April TransCanada decided not to build a marine terminal and associated tank terminals at Cacouna, Québec. Crude oil deliveries to Montreal, Québec City and St. John refineries, and St. John export terminal will not be impacted by this review
- NEB advised of our decision. Amendments expected to be filed in Q4 2015. In-service date now 2020
- NEB continues to process our project application in the interim
- Current \$12 billion cost expected to rise due to higher construction costs and route adjustments
- Project would connect directly to eastern refineries allowing them access to cheaper Western Canadian crude oil instead of relying on 600,000 bbl/d of imported foreign oil

Keystone Pipeline System



- The Keystone Pipeline System has now safely delivered over one billion barrels of Canadian and U.S. crude oil
- Keystone has contributed to U.S. energy security and generated close to US\$200 million in property taxes for schools, roads, hospitals and has created more than 14,000 construction jobs
- Houston Lateral pipeline and tank terminal construction continues
- Joint development agreement reached with Magellan Midstream. TransCanada will own 50 per cent of a pipeline that would enhance Houston connections for Keystone

Keystone XL



- We continue to believe Keystone XL is in America's national interest and meets the President's climate test of '*not significantly exacerbating global greenhouse gas emissions*'
- EIA reports U.S. crude oil consumption up nearly a half million barrels per day compared to 2014
- U.S. consumers continue to use more and more gasoline, U.S. refineries have been processing near-record amounts of crude oil
- KXL remains the safest, least GHG intensive and most stable way to supply the oil the U.S. needs

Napanee Generating Station



- Construction started in January 2015 on our 900 megawatt Napanee power facility
- \$1 billion facility is expected to be operational in late 2017 or early 2018
- Power production fully contracted with the Ontario Independent Electricity System Operator



Key Takeaways



- Three core businesses produced another strong quarter, demonstrating resiliency in challenging market conditions
- Comparable earnings and funds generated from operations increased 20 and 16 per cent respectively compared to the same period last year
- This highlights the solid foundation that will enable us to grow the dividend at eight to 10 per cent through 2017, and fund our \$46 billion capital program
- These projects are expected to result in significant growth in earnings, cash flow and dividends through the end of the decade and beyond





Second Quarter 2015 Financial Results

Don Marchand, EVP & CFO



Consolidated Results of Operations

(unaudited) (millions of dollars, except per share amounts)



	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Net Income Attributable to Common Shares	429	416	816	828
Specific items (net of tax):				
Alberta corporate income tax rate increase	34	-	34	-
Restructuring costs	8	-	8	-
Cancarb gain on sale	-	(99)	-	(99)
Niska contract termination	-	31	-	31
Risk management activities	(74)	(16)	4	(6)
Comparable Earnings⁽¹⁾	397	332	862	754
Net Income Per Common Share	\$0.60	\$0.59	\$1.15	\$1.17
Specific items (net of tax):				
Alberta corporate income tax rate increase	\$0.05	-	\$0.05	-
Restructuring costs	\$0.01	-	\$0.01	-
Cancarb gain on sale	-	(\$0.14)	-	(\$0.14)
Niska contract termination	-	\$0.04	-	\$0.04
Risk management activities	(\$0.10)	(\$0.02)	\$0.01	-
Comparable Earnings Per Common Share⁽¹⁾	\$0.56	\$0.47	\$1.22	\$1.07
Average Common Shares Outstanding (millions)	709	708	709	708

(1) Non-GAAP measure. For additional information on these items see the July 30, 2015 Quarterly Report to Shareholders

Business Segment Results

(unaudited) (millions of dollars)



	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Natural Gas Pipelines				
Canadian Pipelines	583	549	1,105	1,115
U.S. and International Pipelines	238	212	608	503
Business Development	(14)	(2)	(32)	(11)
Natural Gas Pipelines Comparable EBITDA⁽¹⁾	807	759	1,681	1,607
Liquids Pipelines				
Keystone Pipeline System	320	256	634	504
Business Development	(4)	(7)	(9)	(14)
Liquids Pipelines Comparable EBITDA⁽¹⁾	316	249	625	490
Energy				
Canadian Power	191	140	416	369
U.S. Power	79	96	243	190
Natural Gas Storage and other	6	2	9	29
Business Development	(4)	(7)	(8)	(12)
Energy Comparable EBITDA⁽¹⁾	272	231	660	576
Corporate Comparable EBITDA⁽¹⁾	(28)	(22)	(68)	(60)
Comparable EBITDA⁽¹⁾	1,367	1,217	2,898	2,613

(1) Non-GAAP measure. For additional information on these items see the July 30, 2015 Quarterly Report to Shareholders

Other Income Statement Items

(unaudited) (millions of dollars)



	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Comparable EBIT ⁽¹⁾	927	818	2,024	1,821
Comparable interest expense ⁽¹⁾	(331)	(297)	(649)	(571)
Comparable interest income and other ⁽¹⁾	51	29	66	23
Comparable income tax expense ⁽¹⁾	(185)	(162)	(432)	(386)
Net income attributable to non-controlling interests	(40)	(31)	(99)	(85)
Preferred share dividends	(25)	(25)	(48)	(48)
Comparable Earnings ⁽¹⁾	397	332	862	754
Specific items (net of tax):				
Alberta corporate income tax rate increase	(34)	-	(34)	-
Restructuring costs	(8)	-	(8)	-
Cancarb gain on sale	-	99	-	99
Niska contract termination	-	(31)	-	(31)
Risk management activities	74	16	(4)	6
Net Income Attributable to Common Shares	429	416	816	828

(1) Non-GAAP measure. For additional information on these items see the July 30, 2015 Quarterly Report to Shareholders

Cash Flow and Investing Activities

(unaudited, millions of dollars)



	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Funds Generated From Operations⁽¹⁾	1,061	917	2,214	2,019
Investing Activities:				
Capital spending	1,138	1,086	2,107	1,934
Equity investments	105	40	198	129

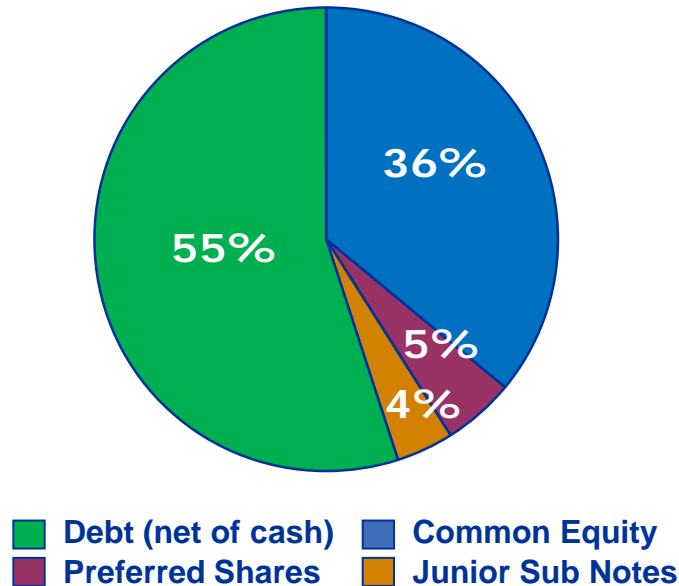
(1) Non-GAAP measure. For additional information on these items see the July 30, 2015 Quarterly Report to Shareholders

Financial Position Remains Strong



Consolidated Capital Structure*

(at June 30, 2015)



- Significant financial flexibility underpinned by 'A' grade credit ratings
- \$0.6 billion cash on hand
- \$5 billion of undrawn committed credit lines and two well supported commercial paper programs
- Closed sale of remaining 30% interest in GTN to TC PipeLines, LP for US\$457 million in April
- Issued US\$750 million of 60-year junior subordinated notes at 5.625% in May
- Issued \$750 million of 10-year medium-term notes at 3.30% in July
- Reset Series 3 preferred share dividend rate from 4.00% to 2.152% and converted 39% of outstanding Series 3 shares into floating rate Series 4 shares in June

* Common equity includes non-controlling interests in TC PipeLines, LP and Portland.

TransCanada - Key Takeaways



- **Strong second quarter in challenging energy market conditions**
 - Comparable earnings up 20%
 - Funds generated from operations up 16%
- **Committed to growing dividend at an annual rate of 8 to 10% through 2017**
- **Well positioned to fund capital program throughout various market conditions with support of 'A' grade credit rating**
- **Advancing numerous investment opportunities including \$46 billion of commercially secured projects**



Question & Answer Period



Russ Girling



Don Marchand



Alex Pourbaix



Karl Johannson



Paul Miller



Bill Taylor



Glenn Menuz



David Moneta



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