

TransCanada Reaches Settlement on NGTL System

CALGARY, Alberta – **August 12, 2013** – TransCanada Corporation (TSX, NYSE: TRP) (TransCanada) today announced that its wholly-owned subsidiary NOVA Gas Transmission Ltd. (NGTL) has reached a settlement with shippers and other interested parties regarding the NGTL System annual revenue requirement for the years 2013 and 2014.

“This settlement is the product of an open negotiation between NGTL and its stakeholders, and represents an acceptable balance of interests among the parties,” says Karl Johansson, executive vice-president and president, Natural Gas Pipelines. “TransCanada is pleased to have worked with our stakeholders through our collaborative process to reach this consensus, which will bring cost and rate certainty on the NGTL System through 2014.”

The settlement covers all elements of the NGTL System cost of service and is comprised of flow-through and fixed cost components. The settlement:

- fixes the equity return at 10.10 per cent on 40 per cent deemed common equity during the term, compared with 9.7 per cent equity return on 40 per cent equity for 2012;
- establishes NGTL System depreciation at a forecast composite rate of 3.05 per cent for 2013 and 3.12 per cent for 2014, compared to a composite rate of 2.71 per cent achieved in 2012; and
- fixes operating, maintenance and administration (OM&A) costs at \$190 million for 2013 and \$198 million for 2014, with any variances to NGTL’s account.

All other elements of NGTL System costs, including interest expense, transportation by others, and pipeline integrity, will be treated as flow-through costs.

NGTL has filed an application with the National Energy Board for approval of the settlement and final 2013 rates, as well as changes to existing interim rates to reflect the settlement, to be effective September 1, 2013, pending adjudication of the application.

With more than 60 years’ experience, TransCanada is a [leader](#) in the [responsible development](#) and reliable operation of North American energy infrastructure including natural gas and oil pipelines, power generation and gas storage facilities. TransCanada operates a network of natural gas pipelines that extends more than 68,500 kilometres (42,500 miles), tapping into virtually all major gas supply basins in North America. TransCanada is one of the continent’s largest providers of gas storage and related services with more than 400 billion cubic feet of storage capacity. A growing independent power producer, TransCanada owns or has interests in over 11,800 megawatts of power generation in Canada and the United States. TransCanada is developing one of North America’s largest oil delivery systems. TransCanada’s common shares trade on the Toronto and New York stock exchanges under the symbol TRP. For more information visit: www.transcanada.com or check us out on Twitter @TransCanada or <http://blog.transcanada.com>.

FORWARD LOOKING INFORMATION

This news release contains certain information that is forward-looking and is subject to important risks and uncertainties (such statements are usually accompanied by words such as "anticipate", "expect", "believe", "may", "will", "should", "estimate", "intend" or other similar words). Forward-looking statements in this document are intended to provide TransCanada security holders and potential investors with information regarding TransCanada and its subsidiaries, including management’s assessment of TransCanada’s and its subsidiaries’ future plans and financial outlook. All forward-looking statements reflect TransCanada’s beliefs and assumptions based on information available at the time the statements were made and as such are not guarantees of future performance. 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 news release, and not to use future-oriented information or financial

outlooks for anything other than their intended purpose. TransCanada undertakes no obligation to update or revise any forward-looking information except as required by law. For additional information on the assumptions made, and the risks and uncertainties which could cause actual results to differ from the anticipated results, refer to TransCanada's Quarterly Report to Shareholders dated July 25, 2013 and 2012 Annual Report on our website at www.transcanada.com or filed under TransCanada's profile on SEDAR at www.sedar.com and with the U.S. Securities and Exchange Commission at www.sec.gov.

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