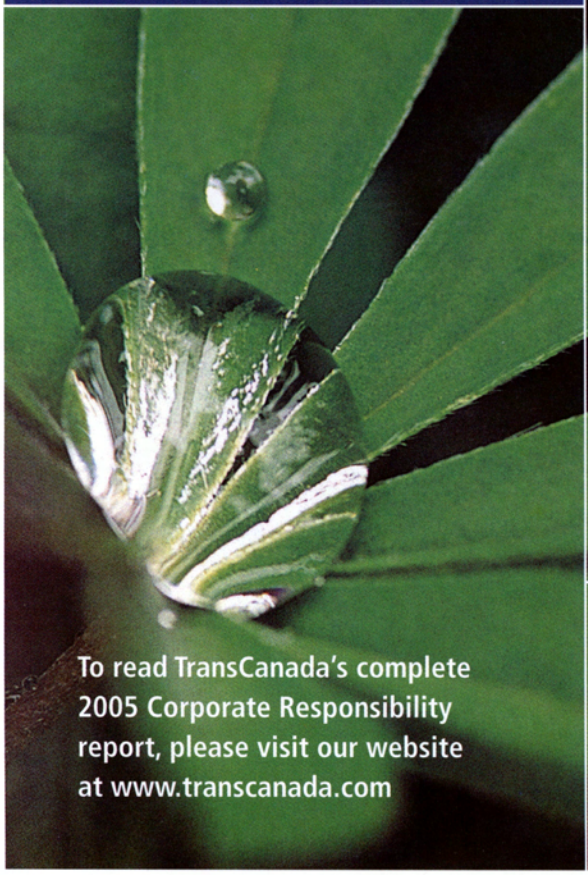
Corporate Responsibility Report

Summary



To read TransCanada's complete 2005 Corporate Responsibility report, please visit our website at www.transcanada.com

2005

TransCanada

In business to deliver

People

Engaging our Stakeholders

TransCanada strives to develop and maintain positive relationships with our stakeholders.

Those stakeholders include our employees, customers, landowners, shareholders, regulators, the residents of communities where we operate, Aboriginal peoples, our industry peers, partners, contractors, educational and research institutions, members of the media, non-governmental organizations, and many others.

By treating these people respectfully, we build the foundation needed to attract and retain good employees, plan and develop new projects, and help to sustain broadly based community initiatives for positive social change.

There are four main ways we engage our stakeholders. These cut across all functions of the company and all geographical regions in which we operate. They are:

- consulting with stakeholders;
- providing a rewarding and respectful workplace;
- ensuring the well-being of our employees and others with whom we come into contact; and
- investing in the communities where we live and work.

In addition to conducting regular internal reviews of our approach to employee and stakeholder relations, safety and investment, we also seek guidance from independent, third-party organizations about best available practices.

To view key statistical measurements about our people performance, please visit our online Corporate Responsibility report. There you'll find statistics on our:

- People Profile
- Vehicle Incident Frequency
- Total Recordable Case Rates
- Away-from-work Case Rates
- Community Footprint by Province (U.S. and International included)
- Community Investment – Why We Contribute, How We Contribute, What We Support

A Message from Hal Kvisle, President and CEO

The importance of corporate responsibility

At TransCanada, we have no higher corporate responsibility than to operate our energy infrastructure in a reliable, safe and cost-effective manner. We fulfill that obligation through operational excellence. This is part-and-parcel of maximizing the strength and value of our company.

To us, acting responsibly provides a distinct competitive advantage. It makes it easier for us to:

- enhance our relationships with all stakeholders;
- attract more customers and investment;
- recruit and retain the finest employees;
- strengthen our relationships with regulators;
- manage the risks inherent in a business like ours; and
- maintain our all-important license to operate.

This is nothing new for TransCanada. At our company, corporate responsibility rests on a well-defined and publicized set of values. We refer to these values as SPIRIT: Social Responsibility; Passion; Integrity, Trust and Respect; Results; Innovation; and Teamwork.

These values drive our decisions and guide our actions. Corporate responsibility at TransCanada is, in fact, nothing less than these values put into action by our dedicated employees.

In the years ahead, the integrated and sharply focused vision that makes TransCanada a responsible corporation will be more important than ever.

Issues such as the growing labour shortage, the rising cost of materials and the uncertain effects of new government policies mean we must continue to seek acceptable ways of dealing with escalating economic and social costs.

But most importantly, our attitude of corporate responsibility will allow us to address North America's infrastructure deficit in a proactive and sensible manner.

North America needs more energy transmission and electric power generating capacity to meet peak demands. Fortunately, our company is well equipped to address both deficits.

In doing so, TransCanada will continue to act from the deep sense of responsibility that our employees have always exhibited in their daily activities.

Hal

Environment

Minimizing our Impact

As owner of one of the largest natural gas transmission systems in North America, and as a generator of significant electrical capacity, TransCanada works to minimize negative environmental impacts while upholding our responsibility to meet the strategic energy demands of the continent.

This can be challenging, as continental energy demand continues to grow in lock-step with greater regulatory oversight of environmental issues. As a result, we have defined and adopted a holistic, company-wide, risk-based approach.

Consisting of an integrated Health, Safety and Environment (HS&E) Management System framework and a continuous improvement cycle, the approach focuses on:

- managing greenhouse gas and air emissions;
- encouraging biodiversity;
- fostering energy efficiency; and
- participating in public policy discussions.

The framework is based on ISO 14001, an international standard for environmental management systems, and is used to capture, organize and document our company's commitment and expectations when it comes to managing our responsibilities. Our continuous improvement cycle contains 11 elements, or checkpoints, that complement the framework.

As always, we remain committed to following best industry practices as we continue to contribute positively to energy reliability and security across North America.

To view key statistical measurements about our environmental performance, please visit our online Corporate Responsibility report. There you'll find statistics on our:

- Green House Gas Emissions (2004/2005)
- Spills
- Environmental Non-compliance

Business

Managing for the Long Term

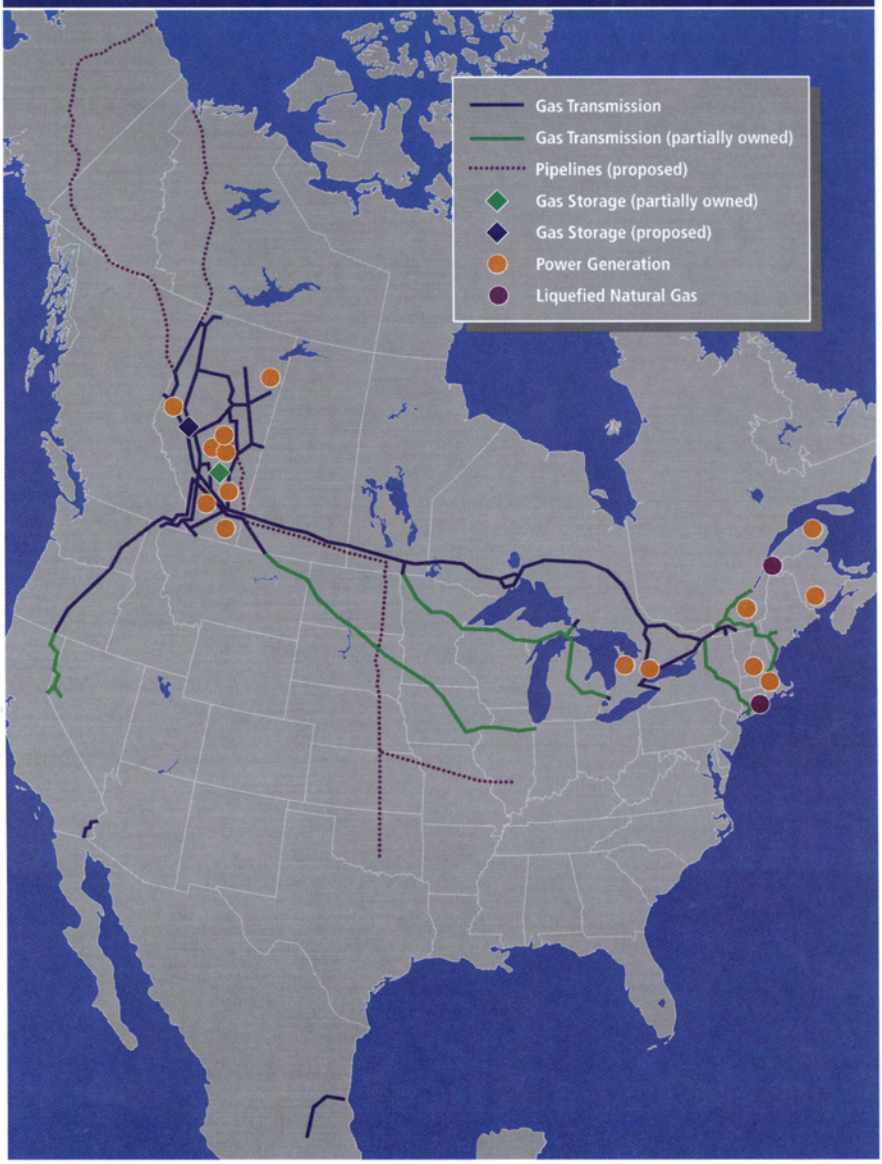
One of the most responsible acts any business can perform is to achieve financial stability over the long term.

When a company succeeds financially, it is able to make a significant contribution to the society in which it operates, and when a company acts responsibly, it is more likely to succeed. This reciprocity is at the heart of TransCanada's values and success.

We believe we have positioned ourselves well for long-term growth by embracing effective governance, by applying a risk-based economic model that maintains our competitive advantage and brings greater reward to our stakeholders, and by continually refining our corporate strategy.

Within North America, the next challenge and opportunity for the energy sector is a serious infrastructure deficit. While reducing or eliminating that deficit will challenge the ingenuity of our industry as a whole, at TransCanada we are confident we have the resourcefulness and the will to make a significant contribution to resolving this issue.

For more information about our business performance, please visit our online Annual Report at www.transcanada.com

TransCanada at a Glance

TransCanada is a leader in the responsible development and reliable operation of North American energy infrastructure. TransCanada's network of approximately 41,000 kilometres (25,600 miles) of pipeline transports the majority of Western Canada's natural gas production to key Canadian and U.S. markets. A growing independent power producer, TransCanada owns, or has interests in, approximately 7,700 megawatts of power generation in Canada and the United States.