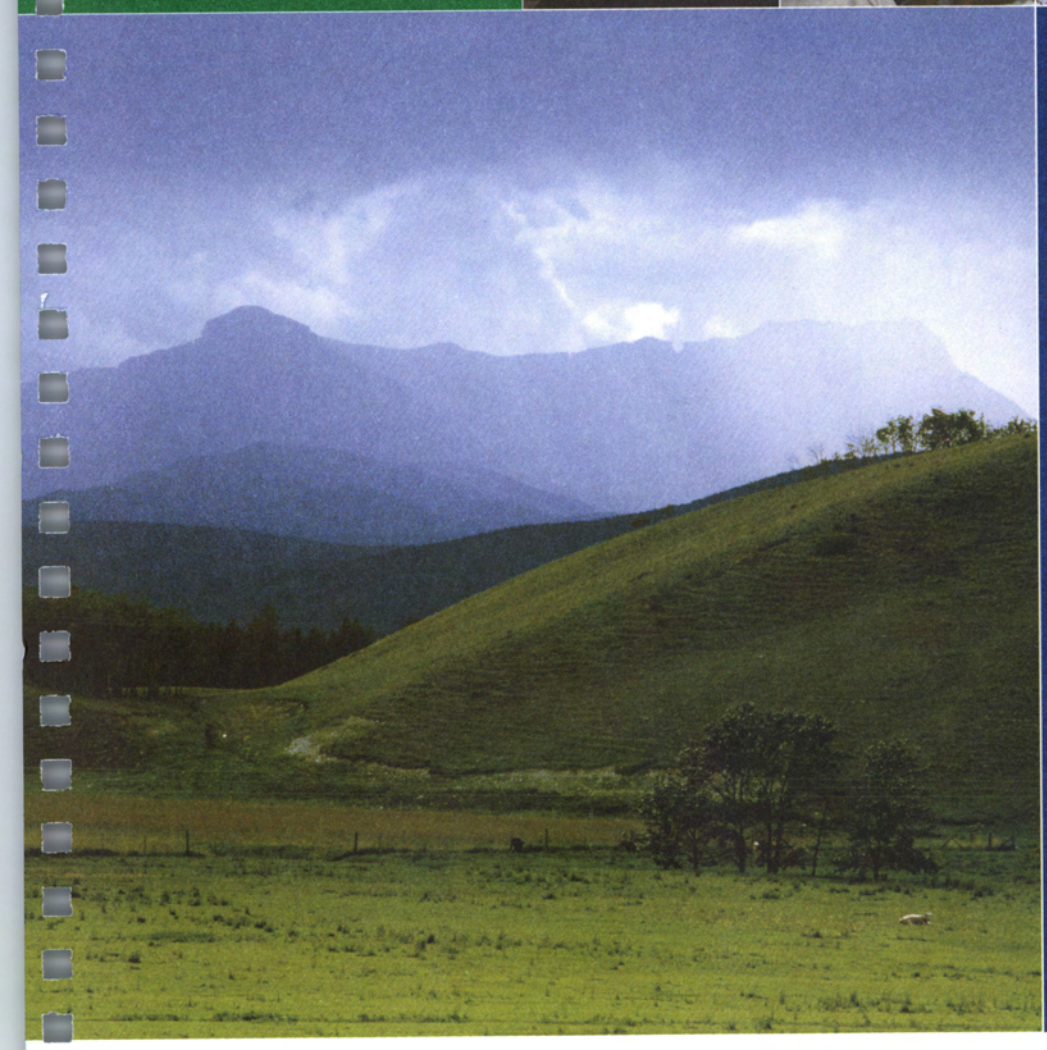
2004 Social Responsibility Annual Report



listen
learn
respond

TransCanada
In business to deliver

INVESTING IN THE FUTURE

Since 1957, TransCanada has been in the business of moving energy resources. In recent years, the business has grown to include a comprehensive portfolio in power services.

Building, operating and maintaining natural gas pipeline systems, as well as power generation facilities, is a capital-intensive enterprise. Each year, TransCanada invests heavily in these physical assets.

As well as the investment in assets, TransCanada is an investor in corporate social responsibility: a portfolio of ethical and socially beneficial business practices rooted in our values.

These programs and policies reflect the company's commitment to the health and safety of our employees and contractors, to the well-being of the communities in which we operate and to the reduction of our impact on the environment.

TransCanada believes fundamentally that this is the right thing to do. In business terms, social responsibility is important to our day-to-day operations and long-term growth plans.

This publication takes you inside TransCanada's approach to corporate social responsibility, and introduces you to the people who deliver it and the communities that benefit from it.

From health and safety to community investment to Aboriginal relations to community consultation and the environment, TransCanada is investing in the future.

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HAL KVISLE
President and CEO

president's message

"We see safety and reliability of our facilities to be primary social responsibilities, and we take those responsibilities very seriously."

"At TransCanada, we believe natural gas and electric power are essential elements of modern North American society."

As a gas transmission and power generation company, we are responsible for the safe and reliable delivery of natural gas and electricity to millions of direct and indirect customers. We see safety and reliability to be primary social responsibilities, and we take those responsibilities very seriously.

Natural gas and electric power are not discretionary commodities to most of our customers. People need our services when temperatures plunge across Canada and the northern United States. At TransCanada, we need to run our businesses well to ensure that essential services are always available, when and where our customers need them. I believe we fulfill that objective to a high standard.

As we perform our essential work in gas and power, the people of TransCanada see many opportunities to address broader societal needs.

This report documents TransCanada's approach to our social responsibilities, from environment to health and safety to community investment and consultation with individuals and communities impacted by our operations.

Gas pipelines and power plants are long-life facilities. We own and operate infrastructure that will, in many cases, be in service for more than 50 years. At TransCanada, we take a long-term view when making investments that will benefit both society and our shareholders. That is the nature of our business.

Our social contributions also tend to be long-term. We aim to build capacity and create opportunity, rather than solve short-term problems. We are looking down the road, investing in relationships and processes that will benefit society and our shareholders for decades to come.

HAL KVISLE
President and CEO

CHERYL BISHOP
Senior Community Investment Coordinator

community investment

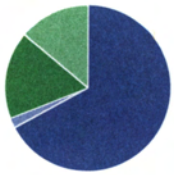
"We're not just investing in communities,
we're investing in people."

TransCanada's community investment strategy goes beyond putting dollars into communities where we live, work and do business. We develop meaningful partnerships with non-profit organizations that share our belief that learning is key to improving lives, increasing hope and creating new beginnings.

Five ways we invest

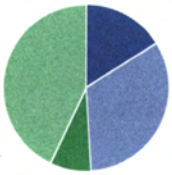
1. Financial support for not-for-profit organizations
2. Gifts in Kind, assisting not-for-profit organizations with surplus furniture, vehicles and computer equipment
3. United Way contributions – TransCanada partners with our employees to support a variety of community agencies across Canada
4. The Matching Gifts program, where the company matches employee and retiree personal contributions to charitable organizations dollar for dollar, up to a maximum of $1,000 per employee per year
5. Employee volunteerism through community initiatives such as Habitat for Humanity

HOW WE CONTRIBUTE



- 67% Cash
- 2% Matching Gifts
- 17% United Way
- 14% In-Kind

AND WHAT WE CONTRIBUTE TO



- 16% Civic Investment
- 33% Education
- 8% Environment*
- 43% Health and Human Services

* Environmental funding is also embedded in other focus areas

Getting results requires focused use of resources. For TransCanada, the focus is on education and lifelong learning within these four areas: education, health and human services, environment and civic investment.

For more information on Wonderville, go to www.wonderville.ca

TRANSCANADA AND THE UNITED WAY

When the United Way campaign rolls around each year, TransCanada employees get involved in a major way. Through a variety of fund-raising and volunteer activities, employees dedicate their personal time and make substantial personal donations to the campaign.

In 2004, TransCanada and its employees contributed $1.6 million to United Way campaigns in Canada.

Sarah Raiss, TransCanada's Executive Vice-President, Corporate Services, served as Co-chair for the 2004 United Way of Calgary and Area campaign that raised the unprecedented amount of $37.8 million.

Many TransCanada employees also serve as volunteers and board members for local United Way-supported social agencies, putting their professional expertise to work for a series of good causes. As a company, we're proud of these people and the difference they make in their local communities.

WONDERVILLE: SCIENCE EDUCATION FOR TODAY

As a forward-looking company, TransCanada enthusiastically supports science educational initiatives. One of the finest is Wonderville, an online learning site geared to children from Grades 4 to 6 developed by the Science Alberta Foundation. Located at www.wonderville.ca, it combines interactive learning activities with fun animated features. The site exposes young students everywhere to the wonders of science.

NAIT MOBILE EDUCATION UNIT: TECHNICAL SKILLS ON THE MOVE

TransCanada is a key sponsor of NAIT in Motion, a mobile technical education unit developed by the Northern Alberta Institute of Technology (NAIT) in Edmonton. Two NAIT in Motion tractor-trailer units, each 53 feet in length and loaded with more than $200,000 in equipment, bring technical courses directly to students in remote and northern Alberta communities. Fuelled by diesel generators and equipped with a 500-pound overhead crane, the units accommodate a variety of courses from welding and metalwork to pipe trades. By listening to the needs of these remote communities, we are better able to help them meet their educational goals.

TransCanada's community investment decisions reflect the broad geographic reach of TransCanada's business, the number of employees in a community requesting funding, and the number of people likely to benefit.

EMS FOUNDATION CAPSULE OF LIFE PROGRAM

Through a unique partnership with the Calgary Emergency Medical Services Foundation, TransCanada is making a difference in the lives of countless individuals, including seniors, a group traditionally under-served by many social service programs. By working together, more than 30,000 Capsules of Life will be offered to Calgarians, providing them with the comfort that their medical history will be easily accessible in an emergency situation.

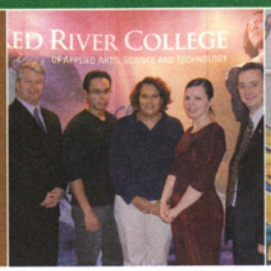
Started in 1999, the Capsule of Life Program enables seniors, chronically ill people, those living alone and others to ensure medical information is available to emergency personnel, in cases where the person is unable to respond. A fridge magnet alerts EMS personnel to the presence of vital medical information in a plastic tube located in their fridge. Saving valuable time has been proven to save lives.

IN-KIND DONATIONS EXTEND LIFE OF EQUIPMENT

As a technologically advanced company, TransCanada utilizes a wide variety of equipment and other assets in various company operations.

Once these items are no longer required, we make every effort to find a good home for them. Most often, the equipment has many years of productive use in the hands of our community partners. In 2004, as part of TransCanada's ongoing upgrades to its Information Systems, we donated more than 500 desktop computers to deserving organizations across Canada.

In 2004, TransCanada's in-kind donations totalled more than $700,000.



For more information on our Community Investment program, go to www.transcanada.com/social/connections_investment.html

BOYS AND GIRLS CLUB

In 2004, TransCanada entered into a multi-year partnership with the Boys and Girls Club Community Services to support an innovative program, Learning In Our Neighbourhood (LION). The LION Bus program delivers mobile preschool programming in conjunction with parenting skills workshops in under-resourced communities in Calgary. By enhancing children's learning ability in the early years, and providing parents with tools to support their children's healthy development, this partnership supports lifelong learning, a focus area for TransCanada's community investment program.

Beyond financial support, in 2004 TransCanada employees supported various Boys and Girls Club programs through volunteer activities. With over eight Clubs and numerous programs being run in Calgary, an additional commitment was made to donate 50 office workstations to this organization.

RED RIVER COLLEGE – ELDERS IN RESIDENCE PROGRAM

For their post-secondary education, many students opt for the technical training available at community-based colleges. Given the technical skills shortage in evidence across the country, and TransCanada's need for technically skilled employees, this partnership was a natural fit for us. Winnipeg's Red River College has a large Aboriginal student population and we are pleased to support them through the Elders in Residence Program. The program offers students and staff access to an Elder providing essential spiritual and culture resource support.

This initiative is expected to improve both the recruitment and retention of Aboriginal students at the College as well as to break down barriers that would prevent students from reaching their potential.