

TRANSCANADA CORP
Form SUPPL
May 06, 2008

[QuickLinks](#) -- Click here to rapidly navigate through this document

Filed pursuant to
General Instruction III
of Form F-10;
File No. 333-140150

May 5, 2008

Prospectus Supplement to the Short Form Base Shelf Prospectus Dated January 31, 2007

TRANSCANADA CORPORATION

\$1,102,300,000

30,200,000 Common Shares

TransCanada Corporation ("TCC" or the "Corporation") is hereby qualifying for distribution (the "Offering") 30,200,000 common shares ("Common Shares") of the Corporation. See "Details of the Offering" and "Plan of Distribution".

Price: \$36.50 per Common Share

	<u>Price to the Public</u>	<u>Underwriters' Fee(1)</u>	<u>Net Proceeds to the Corporation(1)</u>
Per Common Share	\$36.50	\$1.2775	\$35.2225
Total⁽²⁾	\$1,102,300,000	\$38,580,500	\$1,063,719,500

(1) Before deducting the estimated expenses of the Offering of approximately \$1,200,000. The expenses of the Offering and the Underwriters' fee will be paid from the general funds of the Corporation.

(2) The Corporation has granted to the Underwriters an option (the "Over-Allotment Option"), exercisable at any time until 30 days following the Offering Closing Date, to purchase up to an additional 4,530,000 Common Shares at the offering price. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters' fee and the net proceeds to the Corporation, before expenses of the Offering, will be \$1,267,645,000, \$44,367,575 and \$1,223,277,425, respectively. See "Plan of Distribution". The granting of the Over-Allotment Option and the distribution of the Common Shares that may be issued on the exercise of

the Over-Allotment Option are also qualified under this Prospectus Supplement.

Underwriters' Position	Maximum Size or Number of Securities Held	Exercise Period	Exercise Price
Over-Allotment Option	4,530,000	30 days after the Offering Closing Date	\$ 36.50

The issued and outstanding Common Shares are listed on the Toronto Stock Exchange (the "TSX") and the New York Stock Exchange (the "NYSE") under the symbol "TRP". On May 2, 2008, the closing prices of the Common Shares on such exchanges were \$37.50 and US\$36.81, respectively. The Corporation has applied to the TSX and the NYSE to list the Common Shares offered by this Prospectus Supplement. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSX and NYSE.

It is currently anticipated that the closing date of the Offering (the "Offering Closing Date") will be on or about May 13, 2008, or such later date as the Corporation and the Underwriters may agree but in any event not later than May 27, 2008. See "Details of the Offering".

BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., TD Securities Inc., Scotia Capital Inc., CIBC World Markets Inc., National Bank Financial Inc., HSBC Securities (Canada) Inc., UBS Securities Canada Inc., Canaccord Capital Corporation and FirstEnergy Capital Corp. (collectively, the "Underwriters"), as principals, conditionally offer the Common Shares, subject to prior sale, if, as and when issued and delivered by the Corporation to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution", and subject to the approval of certain legal matters relating to Canadian law on behalf of the Corporation by Stikeman Elliott LLP and on behalf of the Underwriters by Macleod Dixon LLP and certain legal matters relating to United States law on behalf of the Corporation by Mayer Brown LLP and on behalf of the Underwriters by Shearman & Sterling LLP. Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. Book-entry only certificates representing the Common

Shares will be issued in registered form to The Canadian Depository for Securities Limited ("CDS") or its nominee and will be deposited with CDS on the Offering Closing Date. A purchaser of Common Shares will receive only a customer confirmation from a registered dealer which is a CDS participant and from or through which the Common Shares are purchased.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market. **In certain circumstances, the Underwriters may offer the Common Shares at a price lower than the offering price specified in this Prospectus Supplement.** See "Plan of Distribution".

Investing in the Common Shares involves certain risks. See "Risk Factors" in the accompanying Prospectus and in this Prospectus Supplement.

Each of BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., TD Securities Inc., Scotia Capital Inc., CIBC World Markets Inc., National Bank Financial Inc., HSBC Securities (Canada) Inc. and UBS Securities Canada Inc. is a subsidiary or an affiliate of one of the Corporation's lenders and to which the Corporation is currently indebted. Consequently, the Corporation may be considered a connected issuer of such Underwriters for the purposes of securities regulations in certain provinces of Canada. The net proceeds from this Offering may be used to reduce the Corporation's indebtedness to such lenders. See "Relationship Between the Corporation and Certain of the Underwriters" and "Use of Proceeds".

This Offering is made by a Canadian issuer that is permitted, under the multi-jurisdictional disclosure system adopted in the United States, to prepare this Prospectus Supplement and the Prospectus in accordance with Canadian disclosure requirements. Prospective investors should be aware that such requirements are different from those of the United States. Financial statements included or incorporated herein by reference have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), and may be subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies. Information regarding the impact upon the Corporation's financial statements of significant differences between Canadian and United States GAAP is contained in the Corporation's audited related supplemental note entitled "Reconciliation to United States GAAP" as at December 31, 2007 and 2006 and for each of the years in the three year period ended December 31, 2007 and the unaudited related supplemental note entitled "Reconciliation to United States GAAP" as at March 31, 2008 and for the three month periods ended March 31, 2008 and 2007.

Prospective investors should be aware that the acquisition of the Common Shares described herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, or citizens of, the United States may not be described fully in this Prospectus Supplement or the Prospectus.

The enforcement by investors of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Corporation is incorporated and organized under the laws of Canada, that some or all of its officers and directors are residents of Canada, that some or all of the experts named in the registration statement are residents of Canada and that all or a substantial portion of the assets of the Corporation and said persons are located outside the United States.

The Common Shares have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC") or any state securities commission nor has the SEC or any United States state securities commission passed upon the accuracy or adequacy of this Prospectus Supplement and the Prospectus. Any representation to the contrary is a criminal offence.

Table of Contents

	Page
Important Notice About Information in this Prospectus Supplement and the Accompanying Prospectus	S-3
Forward-Looking Information	S-4
Exchange Rates	S-5
Where to Find More Information	S-5
Documents Incorporated by Reference	S-6
Recent Developments	S-7
Use of Proceeds	S-8
Consolidated Capitalization	S-8
Trading Price and Volume	S-8
Details of the Offering	S-9
Plan of Distribution	S-9
Relationship Between the Corporation and Certain of the Underwriters	S-10
Certain Income Tax Considerations	S-11
Risk Factors	S-16
Legal Matters	S-17
Interests of Experts	S-17
Auditors, Transfer Agent and Registrar	S-17
Auditors' Consent	S-18

**Important Notice About Information in this
Prospectus Supplement and the Accompanying Prospectus**

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of the securities the Corporation is offering and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference therein. The second part, the Prospectus, gives more general information, some of which may not apply to the Common Shares offered hereunder.

Prospective investors should rely only on the information contained in or incorporated by reference into this Prospectus Supplement and the Prospectus. The Corporation has not authorized any other person to provide prospective investors with additional or different information. If anyone provides prospective investors with different or inconsistent information, prospective investors should not rely on it. The Corporation is offering to sell, and seeking offers to buy, these securities only in jurisdictions where offers and sales are permitted. Prospective investors should assume that the information appearing in this Prospectus Supplement and the Prospectus, as well as information the Corporation has previously filed with the SEC and with the securities regulatory authority in each of the provinces and territories of Canada that is incorporated herein and in the Prospectus by reference, is accurate as of their respective dates only. The Corporation's business, financial condition, results of operations and prospects may have changed since those dates.

In this Prospectus Supplement, unless otherwise specified or the context otherwise requires, references to "TCC" or the "Corporation" mean TransCanada Corporation and its subsidiaries and other entities owned or controlled, directly or indirectly, by TransCanada Corporation. In this Prospectus Supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are

expressed in Canadian dollars. References to "dollars" or "\$" are to lawful currency of Canada, and references to "US dollars" or "US\$" are to lawful currency of the United States.

Unless otherwise indicated, all financial information included and incorporated by reference in this Prospectus Supplement and the Prospectus is determined using Canadian generally accepted accounting principles which are in effect from time to time in Canada, referred to as "Canadian GAAP". "US GAAP" means generally accepted accounting principles which are in effect from time to time in the United States. For a discussion of the principal differences between the Corporation's financial results as calculated under Canadian GAAP and US GAAP, prospective investors should refer to the Corporation's audited related supplemental note entitled "Reconciliation to United States GAAP" as at December 31, 2007 and 2006 and for each of the years in the three year period ended December 31, 2007 and the unaudited related supplemental note entitled "Reconciliation to United States GAAP" as at March 31, 2008 and for the three month periods ended March 31, 2008 and 2007 incorporated by reference in this Prospectus Supplement or in the Prospectus.

Forward-Looking Information

This Prospectus Supplement and the Prospectus and the documents incorporated by reference herein and therein include "forward-looking information" and "forward-looking statements" within the meaning of securities laws, including the "safe harbour" provisions of the *Securities Act* (Ontario), the *Securities Act* (Alberta), the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the United States Securities Act of 1933, as amended. All forward-looking information and forward-looking statements are based on the Corporation's current beliefs as well as assumptions made by and information currently available to the Corporation and relate to, among other things, anticipated financial performance, business prospects, strategies, regulatory developments, new services, market forces, commitments and technological developments. Forward-looking information and forward-looking statements may be identified by the use of words like "believes", "intends", "expects", "may", "will", "should", or "anticipates", or the negative equivalents of those words or comparable terminology, and by discussions of strategies that involve risks and uncertainties.

The risks and uncertainties of the Corporation's business, including those discussed and incorporated by reference in the Prospectus and the Annual Information Form (as defined herein) and as described under "Risk Factors" and elsewhere herein, could cause the Corporation's actual results and experience to differ materially from the anticipated results or other expectations expressed. The material assumptions in making these forward-looking statements are disclosed in the MD&A (as defined herein and as may be modified or superseded by documents incorporated or deemed to be incorporated by reference herein and in the Prospectus) under the headings "Pipelines Opportunities and Developments", "Pipelines Business Risks", "Energy Opportunities and Developments", "Energy Business Risks" and "Risk Management and Financial Instruments". In addition, the Corporation bases forward-looking information and forward-looking statements on assumptions about future events, which may not prove to be accurate. In light of these risks, uncertainties and assumptions, prospective investors should not place undue reliance on forward-looking information and forward-looking statements and should be aware that events described in the forward-looking information and forward-looking statements set out in this Prospectus Supplement and the documents incorporated by reference in this Prospectus Supplement and the Prospectus may not occur.

The Corporation cannot assure prospective investors that its future results, levels of activity and achievements will occur as the Corporation expects, and neither the Corporation nor any other person assumes responsibility for the accuracy and completeness of the forward-looking information and forward-looking statements. Except as required by law, the Corporation has no obligation to update or revise any forward-looking information or forward-looking statement, whether as a result of new information, future events or otherwise.

Exchange Rates

The following table sets out certain exchange rates based upon the noon buying rate in New York City for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York. The rates are set out as United States dollars per Cdn.\$1.00 and are the inverse of the rates quoted by the Federal Reserve Bank of New York for Canadian dollars per US\$1.00.

	Year Ended December 31,		12 Months Ended March 31,	
	2007	2006	2008	2007
High for the period	US\$1.0908	US\$0.9100	US\$1.0908	US\$0.9100
Low for the period	US\$0.8437	US\$0.8528	US\$0.8633	US\$0.8437
End of period	US\$1.0120	US\$0.8582	US\$0.9732	US\$0.8673
Average for the period ⁽¹⁾	US\$0.9376	US\$0.8848	US\$0.9752	US\$0.8809

(1)

Average represents the average of the rates on the last day of each month during the period.

On May 5, 2008, the inverse of the noon buying rate quoted by the Federal Reserve Bank of New York for Canadian dollars was Cdn.\$1.00 per US\$0.9877.

Where to Find More Information

The Corporation has filed with the SEC a registration statement on Form F-10 relating to the Common Shares. This Prospectus Supplement and the Prospectus, which constitute a part of the registration statement, do not contain all of the information contained in the registration statement, certain items of which are contained in the exhibits to the registration statement as permitted by the rules and regulations of the SEC. Statements included or incorporated by reference in this Prospectus Supplement and in the Prospectus about the contents of any contract, agreement or other documents referred to are not necessarily complete and, in each instance, prospective investors should refer to the exhibits for a complete description of the matter involved. Each such statement is qualified in its entirety by such reference.

The Corporation files annual and quarterly financial information, material change reports, business acquisition reports and other material with the securities commission or similar regulatory authority in each of the provinces and territories of Canada and with the SEC. Under the multi-jurisdictional disclosure system adopted by the United States, documents and other information that the Corporation files with the SEC may be prepared in accordance with the disclosure requirements of Canada, which are different from those of the United States. Prospective investors may read and download any public document that TCC has filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. Prospective investors may read and copy any document TCC has filed with the SEC at the SEC's public reference room in Washington D.C. and may also obtain copies of those documents from the public reference room of the SEC at 100 F Street, N.E., Washington, D.C. 20549 by paying a fee. Additionally, prospective investors may read and download some of the documents the Corporation has filed with the SEC's Electronic Data Gathering and Retrieval ("EDGAR") system at www.sec.gov. Reports and other information about the Corporation may also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

Documents Incorporated by Reference

This Prospectus Supplement is deemed, as of the date hereof, to be incorporated by reference into the Prospectus only for the purposes of the Common Shares offered hereby and the Over-Allotment Option granted to the Underwriters. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full details.

The following documents of the Corporation, which are filed by the Corporation with the various securities commissions or similar authorities in each of the provinces and territories of Canada, are specifically incorporated by reference into and form an integral part of this Prospectus Supplement and the Prospectus:

- (a) Audited comparative consolidated financial statements as at December 31, 2007 and 2006 and for each of the years in the three year period ended December 31, 2007, the notes thereto, and the auditors' report thereon;
- (b) Management's discussion and analysis of financial condition and results of operations as at and for the year ended December 31, 2007 (the "MD&A");
- (c) Audited related supplemental note entitled "Reconciliation to United States GAAP" as at December 31, 2007 and 2006 and for each of the years in the three year period ended December 31, 2007, the notes thereto, and the auditors' report thereon;
- (d) Annual Information Form for the year ended December 31, 2007 dated February 25, 2008 (the "Annual Information Form");
- (e) Management Proxy Circular dated February 25, 2008 for the 2008 annual meeting of shareholders held April 25, 2008;
- (f) Unaudited interim comparative consolidated financial statements as at March 31, 2008 and for the three month periods ended March 31, 2008 and 2007, and the notes thereto;
- (g) Management's discussion and analysis of financial condition and results of operations as at and for the three month period ended March 31, 2008;
- (h) Unaudited related supplemental note entitled "Reconciliation to United States GAAP" as at March 31, 2008 and for the three month periods ended March 31, 2008 and 2007; and
- (i) Material change report dated April 10, 2008 relating to the Corporation's pending acquisition of Ravenswood (as defined herein) from National Grid plc (as described under "Recent Developments Acquisition of Ravenswood").

Any documents of the type referred to above (excluding confidential material change reports) and any business acquisition reports subsequently filed by the Corporation with securities regulatory authorities in Canada after the date of this Prospectus Supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference into this Prospectus Supplement and the Prospectus for the purposes of this Offering. These documents will be available through the internet on SEDAR, which can be accessed at www.sedar.com. In addition, any similar documents filed by the Corporation with the SEC in the Corporation's periodic reports on Form 6-K or annual reports on Form 40-F, and any other documents filed with or furnished to the SEC pursuant to Section 13(a), 13(c) or 15(d) of the Exchange Act, in each case after the date of this Prospectus Supplement, shall be deemed to be incorporated by reference into this Prospectus Supplement and the registration statement of which the Prospectus Supplement forms a part, if and to the extent expressly provided in such reports. The Corporation's periodic reports on Form 6-K and its annual reports on Form 40-F are available on the SEC's web site at www.sec.gov.

Any statement contained in the Prospectus, this Prospectus Supplement or in a document incorporated or deemed to be incorporated by reference in the Prospectus or this Prospectus Supplement for the purposes of the Offering shall be deemed to be modified or superseded, for the purposes of the Prospectus and this Prospectus Supplement, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by

reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the Prospectus or this Prospectus Supplement, except as so modified or superseded.

Recent Developments

Acquisition of Ravenswood

On March 31, 2008, the Corporation announced that a subsidiary of the Corporation entered into an agreement to acquire (the "Acquisition") all of the outstanding membership interests of KeySpan-Ravenswood, LLC and all of the outstanding shares of KeySpan Ravenswood Services Corp. from National Grid plc. KeySpan-Ravenswood, LLC directly or indirectly owns or controls the 2,480 megawatt ("MW") Ravenswood Generating Facility ("Ravenswood") located in Queens, New York. The purchase price is approximately US\$2.8 billion plus closing adjustments. The Acquisition is subject to various U.S. state and federal government approvals and is expected to close during the third quarter of 2008. The Corporation expects the Acquisition to be modestly dilutive on an earnings per share basis in the first two full years of ownership based on the near-term effects of a U.S. Federal Energy Regulatory Commission order pertaining to the New York Independent System Operator (New York City) capacity market. Subsequently, the Corporation expects the Acquisition to be accretive on an earnings per share basis.

Ravenswood is a gas and oil fired generating facility consisting of multiple units employing steam turbine, combined cycle and combustion turbine technology. Ravenswood is a key component of the New York generation supply with the capacity to serve approximately 21 percent of the overall peak load in New York City.

Keystone Oil Pipeline System

On April 8, 2008, the National Energy Board of Canada ("NEB") held an oral hearing to consider the application of certain of the Keystone entities (the "Keystone Entities"), which are jointly owned by subsidiaries of the Corporation and ConocoPhillips, for additional pumping facilities required to expand the Canadian portion of the Keystone oil pipeline project from a nominal capacity of approximately 435,000 barrels per day to 590,000 barrels per day. An NEB decision is expected during the third quarter of 2008. Construction of the Keystone oil pipeline system (the "Keystone System") began during the second quarter of 2008 and the pipeline is expected to be in service during the fourth quarter of 2009.

The Corporation, on behalf of the Keystone Entities, is in negotiations with potential anchor shippers to obtain shipping commitments which would be sufficient to proceed with a second pipeline of the Keystone System. Subsequent to receiving these commitments, the Corporation expects to announce a binding open season during the second quarter of 2008 to obtain additional shipping commitments.

The proposed second pipeline of the Keystone System is an approximate 3,200 kilometre (1,980 mile), 36 inch pipeline starting at Hardisty, Alberta, crossing into the United States at a point near Monchy, Saskatchewan, and extending south to a delivery point near existing terminals in Port Arthur, Texas and, subject to shipper support, may include a lateral to existing terminals in the Houston, Texas area. This proposed pipeline is currently estimated to cost approximately US\$7 billion, of which amount the Corporation will bear its pro rata share, and initially will be designed to transport 700,000 barrels of crude oil per day and provide services to the U.S. Gulf Coast. Assuming the receipt of both the necessary shipper support and timely regulatory approvals, this second pipeline could be in service by late 2011. This proposed pipeline will be undertaken by the Keystone Entities. Certain potential anchor shippers have also requested a minority equity participation option.

Coolidge Power Project

In response to a request for proposals from the Salt River Project of Phoenix, Arizona, the Corporation is proposing to build, own and operate an approximate 575 MW simple-cycle, natural gas-fired peaking power station in Coolidge, Arizona. The capital cost of the project is estimated to be US\$500 million. Subject to the completion of negotiation of a power purchase arrangement and receipt of required permits, construction is scheduled to begin during the third quarter of 2009, with the station expected to be placed in service by mid-2011.

Use of Proceeds

The net proceeds to the Corporation from the Offering will be approximately \$1,063,719,500 after deducting the Underwriters' fee of \$38,580,500, before deducting expenses of the Offering. If the Underwriters exercise the Over-Allotment Option in full, the net proceeds from the Offering will be approximately \$1,223,277,425 after deducting the Underwriters' fee of \$44,367,575, before deducting expenses of the Offering. The expenses of the Offering and the Underwriters' fee will be paid from the general funds of the Corporation. The net proceeds of the Offering will be used to partially fund acquisitions and capital projects of the Corporation, including the projects described under the heading "Recent Developments", and for general corporate purposes. Pending such application, the net proceeds may be used to repay short-term indebtedness of the Corporation.

Consolidated Capitalization

Other than the effect of changes in foreign currency exchange rates on US dollar denominated loans, there have been no material changes in the share and loan capital of the Corporation on a consolidated basis from March 31, 2008 to the date of this Prospectus Supplement. After giving effect to the Offering, the shareholders' equity of the Corporation will increase by the amount of the net proceeds of the Offering and the issued and outstanding Common Shares will increase by 30,200,000 shares. In the event of the exercise in full of the Over-Allotment Option, the shareholders' equity of the Corporation will increase by an additional \$159,557,925 and the number of issued and outstanding Common Shares will increase by an additional 4,530,000 shares.

Trading Price and Volume

The Common Shares are listed for trading on the TSX and the NYSE under the symbol "TRP". The following table shows the monthly range of high and low prices per Common Share, the total monthly volumes, and the average daily volumes of Common Shares traded on the TSX for each month from May 2007 to the period that commences on May 1, 2008 and terminates on May 2, 2008.

Month	Price per Common Share (\$) Monthly High	Price per Common Share (\$) Monthly Low	Common Shares Total Monthly Volume	Common Shares Average Daily Volume
May 2007	40.29	38.77	25,520,203	1,160,009
June 2007	39.36	35.77	30,897,359	1,471,303
July 2007	39.83	36.17	33,442,298	1,592,490
August 2007	38.62	35.43	29,811,560	1,355,071
September 2007	37.19	35.80	28,163,823	1,482,306
October 2007	40.24	36.47	30,876,596	1,403,482
November 2007	40.69	38.10	28,532,491	1,296,931
December 2007	40.73	38.95	17,822,199	938,010
January 2008	40.97	36.21	30,366,638	1,380,302
February 2008	40.50	38.70	27,480,832	1,374,042
March 2008	40.60	36.97	28,273,379	1,413,669
April 2008	38.90	35.98	54,718,260	2,487,194
May 1 to 2, 2008	37.84	36.77	2,369,022	1,184,511

Details of the Offering

The Offering consists of 30,200,000 Common Shares at a price of \$36.50 per Common Share and up to an additional 4,530,000 Common Shares at the same price if the Underwriters exercise the Over-Allotment Option in full. The Common Shares will be issued on the Offering Closing Date pursuant to the Underwriting Agreement and on the closing of the exercise of the Over-Allotment Option, if applicable. For a summary of the material attributes and characteristics of the Common Shares and certain rights attaching thereto, see "Description of the Securities Being Distributed - Common Shares" in the Prospectus.

The Common Shares will be issued in "book entry only" form and must be purchased or transferred through a participant in the CDS depository service ("CDS Participant"). The Corporation will cause a global certificate or certificates representing any newly issued Common Shares to be delivered to, and registered in the name of, CDS or its nominee. All rights of holders of Common Shares must be exercised through, and all payments or other property to which such holder of Common Shares, as the case may be, is entitled, will be made or delivered by, CDS or the CDS Participant through which the holder of Common Shares holds such Common Shares. Each person who acquires Common Shares will receive only a customer confirmation of purchase from the registered dealer from or through which the Common Shares are acquired in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book entry accounts for its CDS Participants having interests in the Common Shares.

Plan of Distribution

Pursuant to an underwriting agreement (the "Underwriting Agreement") dated May 5, 2008 between the Corporation and the Underwriters, the Corporation has agreed to sell an aggregate of 30,200,000 Common Shares to the Underwriters, and the Underwriters have severally (and not jointly or jointly and severally) agreed to purchase from the Corporation, as principal, such Common Shares on the Offering Closing Date. The Underwriting Agreement provides that the Corporation will pay the Underwriters a fee of \$1.2775 per Common Share issued and sold by the Corporation, for an aggregate fee payable by the Corporation of \$38,580,500, in consideration of their services in connection with the Offering. The Underwriters' fee is payable on the Offering Closing Date.

The Corporation has granted to the Underwriters the Over-Allotment Option exercisable at any time until 30 days following the Offering Closing Date to purchase up to an additional 4,530,000 Common Shares at a price of \$36.50 per Common Share. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters' fee and the net proceeds to the Corporation, before expenses, will be \$1,267,645,000, \$44,367,575 and \$1,223,277,425, respectively. The granting of the Over-Allotment Option and the distribution of the Common Shares that may be issued on the exercise of the Over-Allotment Option are also qualified under this Prospectus Supplement.

The terms of the Offering were established through negotiations between the Corporation and the Underwriters.

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint or joint and several) and may be terminated at their discretion upon the occurrence of certain stated events. If an Underwriter fails to purchase the Common Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Common Shares, provided that, if the aggregate number of Common Shares not purchased is less than or equal to 10% of the aggregate number of Common Shares agreed to be purchased by the Underwriters, then each of the other Underwriters is obligated to purchase severally the Common Shares not taken up, on a pro rata basis or as they may otherwise agree as between themselves. The Underwriters are, however, obligated to take up and pay for all Common Shares if any Common Shares are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Corporation will indemnify the Underwriters and their respective directors, officers, shareholders, agents and employees against certain liabilities and expenses.

Edgar Filing: TRANSCANADA CORP - Form SUPPL

The Underwriters propose to offer the Common Shares initially at the public offering price specified on the cover page of this Prospectus Supplement. After the Underwriters have made a reasonable effort to sell all of the Common Shares offered by this Prospectus Supplement at the price specified herein, the offering price may be decreased and may be further changed from time to time to an amount not greater than that specified on the cover page of this Prospectus Supplement, and the compensation realized by the Underwriters will accordingly also be reduced.

Subscriptions for Common Shares will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice.

The Corporation has applied to the TSX and the NYSE to list the Common Shares. Listing is subject to the Corporation fulfilling all the listing requirements of the TSX and NYSE.

This Offering is being made concurrently in all the provinces and territories of Canada and in the United States pursuant to the multi-jurisdictional disclosure system adopted in the United States. The Common Shares will be offered in Canada and the United States through the Underwriters either directly or, if applicable, through their respective Canadian or United States registered broker-dealer affiliates.

The Corporation has agreed that, subject to certain exceptions, it shall not issue or agree to issue any Common Shares or other securities convertible into, or exchangeable for, Common Shares prior to 90 days after the Offering Closing Date without the prior consent of BMO Nesbitt Burns Inc., RBC Dominion Securities Inc. and TD Securities Inc., on their own behalf and on behalf of the Underwriters, which consent shall not be unreasonably withheld. This 90 day period may be extended under certain circumstances.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Common Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of Market Regulation Services Inc., relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The net proceeds from the Offering may be used to repay short-term indebtedness of the Corporation. See "Relationship Between the Corporation and Certain of the Underwriters" and "Use of Proceeds". Because more than 10% of the proceeds of the Offering, not including underwriting compensation, may be received by affiliates of the Underwriters, the Offering is being conducted in compliance with National Association of Securities Dealers ("NASD") Conduct Rule 2710(h). Pursuant to that rule, the appointment of a qualified independent underwriter is not necessary in connection with the Offering, as the Offering is of a class of equity securities for which a "bona fide independent market," as defined by the NASD rules, exists as of the date of the filing of the Corporation's registration statement and as of the effective date thereof.

Relationship Between the Corporation and Certain of the Underwriters

BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., TD Securities Inc., Scotia Capital Inc., CIBC World Markets Inc., National Bank Financial Inc., HSBC Securities (Canada) Inc. and UBS Securities Canada Inc. are, directly or indirectly, subsidiaries of certain lenders (the "Lenders") which have extended credit facilities and bridge financing (collectively, the "Facilities") to the Corporation or its subsidiaries. Accordingly, the Corporation may be considered to be a "connected issuer" of such Underwriters under applicable securities legislation. The current Facilities consist of a \$2.0 billion syndicated revolving term facility and certain other bank facilities with an aggregate commitment of \$550 million; a TC PipeLines, LP

US\$738 million syndicated amended and restated revolving credit and term loan agreement; a TransCanada PipeLine USA Ltd. US\$1.0 billion syndicated committed term and revolving credit facility; a Northern Border Pipeline Company US\$250 million syndicated revolving amended and restated credit agreement; and a Trans Québec & Maritimes Pipeline Inc. \$85.5 million syndicated revolving term loan. TransCanada PipeLines Limited ("TCPL") also currently intends to arrange a term bridge acquisition facility in the amount of approximately US\$1.5 billion in connection with the Acquisition. The Corporation is in material compliance with all material terms of the agreements governing the Facilities and none of the Lenders has waived any material breach by the Corporation of those agreements since the Facilities were established. Neither the financial position of the Corporation nor the value of any security granted under the Facilities has changed substantially and adversely since the indebtedness under the Facilities was incurred. None of the Lenders have been or will be involved in the decision to offer the Common Shares and none have been or will be involved in the determination of the terms of any distribution of Common Shares. Proceeds from the sale of Common Shares may be used to reduce indebtedness which the Corporation or its subsidiaries may have with one or more Lenders which are related to an Underwriter. See "Use of Proceeds".

Certain Income Tax Considerations

Certain Canadian Federal Income Tax Considerations

In the opinion of Stikeman Elliott LLP, counsel to the Corporation, the following is, as of the date of this Prospectus Supplement, a fair summary of the principal Canadian federal income tax considerations generally applicable under the *Income Tax Act* (Canada) (the "Tax Act") to a purchaser who acquires Common Shares pursuant to this Offering and who, for purposes of the Tax Act, deals at arm's length and is not affiliated with the Corporation and holds the Common Shares as capital property (a "Holder").

This summary is not exhaustive of all possible income tax considerations applicable to an investment in Common Shares. The income and other tax consequences of acquiring, holding or disposing of Common Shares will vary depending on the holder's particular circumstances, including the province or territories of Canada in which the holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Common Shares. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in Common Shares based on their particular circumstances.

Residents of Canada

The following portion of this summary is applicable to a Holder who, for the purposes of the Tax Act and any applicable tax treaty or convention and at all relevant times, is resident in Canada. Certain persons resident in Canada to whom the Common Shares would not otherwise constitute capital property may elect, in certain circumstances, to have the Common Shares, and all other Canadian securities held by such persons, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Persons considering making such election should first consult their own tax advisors.

This summary is not applicable to: (i) a Holder that is a "financial institution" (as defined in the Tax Act) for purposes of the "mark-to-market rules"; (ii) a Holder, an interest in which is a "tax shelter investment" for the purposes of the Tax Act; or (iii) a Holder that has made a functional currency reporting election under the Tax Act. Such Holders should consult their own tax advisors having regard to their particular circumstances.

Taxation of Dividends

Dividends received or deemed to be received on a Common Share will be included in computing a Holder's income for purposes of the Tax Act. Dividends received by a Holder who is an individual will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends paid by taxable Canadian corporations. To the extent that the Corporation designates the dividends as "eligible dividends" within the meaning of the Tax Act in the prescribed manner, such dividends will be eligible for the enhanced gross-up and dividend tax credit. Dividends received by a Holder that is a corporation will normally be deductible in computing its taxable income. If a Holder is a "private corporation" or a "subject corporation" (as defined in the Tax Act), the Holder may be liable under Part IV of the Tax Act to pay a refundable tax of 33¹/₃% on such dividends to the extent that such dividends are deductible in computing the Holder's taxable income.

Disposition of Common Shares

Upon a disposition or a deemed disposition of a Common Share (other than to the Corporation or on a tax deferred transaction), the Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Common Share to the Holder. The cost to the Holder of a Common Share acquired pursuant to this Offering generally will be averaged with the adjusted cost base of all other Common Shares held at that time by the Holder as capital property for purposes of determining the adjusted cost base of each such share to the Holder.

One half of any such capital gain (a "taxable capital gain") realized by a Holder will be required to be included in computing the Holder's income, and one half of any such capital loss (an "allowable capital loss") realized by a Holder may normally be deducted against taxable capital gains realized by the Holder in the year of disposition. Allowable capital losses not deductible in the taxation year in which they are realized may ordinarily be deducted by the Holder against taxable capital gains realized in any of the three preceding taxation years or any subsequent taxation year, subject to the detailed rules contained in the Tax Act in this regard. Capital gains realized by an individual (other than certain specified trusts) may be subject to alternative minimum tax.

If the Holder is a corporation, the amount of any capital loss realized on the disposition or deemed disposition of a Common Share by the Holder may be reduced by the amount of dividends received or deemed to have been received by the Holder on such Common Shares to the extent and in the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or beneficiary of a trust that owns Common Shares, or where a partnership or trust is itself a member of a partnership or a beneficiary of a trust that owns Common Shares.

If the Holder is a "Canadian-controlled private corporation" (as defined in the Tax Act), the Holder may also be liable to pay a 6²/₃% refundable tax on certain investment income, including taxable capital gains, but not including taxable dividends that are deductible in computing taxable income.

Non-Resident Holders

The following section summarizes the principal Canadian federal income tax considerations generally applicable to a Holder if:

at all relevant times, for purposes of the Tax Act and any applicable tax treaty or convention, the Holder is not resident or deemed to be resident in Canada,

the Holder does not use or hold (and will not use or hold) and is not deemed to use or hold the Common Shares in, or in the course of, carrying on a business in Canada and does not carry on an insurance business in Canada and elsewhere, and

the Holder's shares do not constitute "taxable Canadian property" for purposes of the Tax Act.

Provided that the Common Shares are listed on a designated stock exchange (which includes the TSX) at a particular time, the Common Shares generally will not constitute taxable Canadian property to a Holder at that time unless, at any time during the five year period immediately preceding that time, 25% or more of the issued shares of any class or series of the Corporation's capital stock were owned by the Holder, by persons with whom the Holder did not deal at arm's length or by the Holder and any such persons. A Holder's Common Shares can also be deemed to be taxable Canadian property in certain circumstances set out in the Tax Act.

Taxation of Dividends

Dividends on the Common Shares paid or credited or deemed under the Tax Act to be paid or credited to the Holder generally will be subject to Canadian withholding tax at the rate of 25%, subject to any applicable reduction in the rate of such withholding under an income tax treaty between Canada and the country where the Holder is resident. For example, under the Canada-United States Income Tax Convention (1980) (the "Treaty"), the withholding tax rate in respect of a dividend paid to a person who is

the beneficial owner of the dividend and is resident in the United States for purposes of, and entitled to full benefits under, the Treaty, is generally reduced to 15%. Under the Treaty, dividends paid to certain religious, scientific, charitable and similar tax exempt organizations and certain pension organizations that are resident, and exempt from tax, in the United States are exempt from Canadian withholding tax. Provided that certain administrative procedures are observed regarding registration of such organizations, the Corporation will not be required to withhold tax from dividends paid to such organizations. Qualifying organizations that fail to follow the required administrative procedures will have to file a claim for refund to recover any amounts withheld.

Disposition of Common Shares

A Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on the disposition of Common Shares.

Certain United States Federal Income Tax Considerations

Notice Pursuant to United States Internal Revenue Service Circular 230

The discussion under the heading "Certain United States Federal Income Tax Considerations" is not intended or written by the Corporation or its counsel to be used, and cannot be used, by any person for the purpose of avoiding tax penalties that may be imposed under US tax laws. The discussion under the heading "Certain United States Federal Income Tax Considerations" is provided to support the promotion or marketing of the Common Shares. Each potential investor should seek advice based on the investor's particular circumstances from an independent tax advisor concerning the potential tax consequences of an investment in the Common Shares.

General

In the opinion of Mayer Brown LLP, counsel to the Corporation with respect to United States federal income tax, the following summary describes the material United States federal income tax consequences relating to an investment in the Common Shares. This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing final, temporary and proposed Treasury Regulations, rulings and judicial decisions, all as currently in effect and all of which are subject to prospective and retroactive rulings and changes. The Corporation will not seek a ruling from the Internal Revenue Service (the "IRS") with regard to the United States federal income tax treatment relating to investment in the Common Shares and, therefore, there can be no assurance that the IRS will agree with the conclusions set forth below.

This summary does not purport to address all United States federal income tax consequences that may be relevant to a particular investor and each investor is urged to consult its own tax advisor regarding its specific tax situation. The summary applies only to holders who hold Common Shares as "capital assets" (generally, property held for investment) under the Code, and does not address the tax consequences that may be relevant to investors in special tax situations including, for example:

insurance companies;

regulated investment companies and real estate investment trusts;

tax-exempt organizations;

broker-dealers;

traders in securities that elect to mark to market;

banks or other financial institutions;

investors whose functional currency is not the US dollar;

Edgar Filing: TRANSCANADA CORP - Form SUPPL

United States expatriates;

investors that hold the Common Shares as part of a hedge, straddle or conversion transaction;

S-13

Edgar Filing: TRANSCANADA CORP - Form SUPPL

holders that purchase or otherwise acquire Common Shares other than through this Offering; or

holders that own, directly, indirectly, or constructively 10.0% or more of the Corporation's total combined voting stock.

Further, this summary does not address the alternative minimum tax consequences of an investment in Common Shares or the indirect consequences to holders of equity interests in entities that own the Common Shares. In addition, this summary does not address the state, local and foreign tax consequences of an investment in the Common Shares. Each investor should consult its own tax advisor regarding the United States federal, state, local and foreign and other tax consequences of purchasing, owning, and disposing of the Common Shares in its particular circumstances.

An investor is a "United States holder" if it is a beneficial owner of Common Shares and is for United States federal income tax purposes:

an individual citizen or resident of the United States;

a corporation, or any other entity taxable as a corporation, created or organized in or under the laws of the United States or any state thereof, including the District of Columbia;

an estate, the income of which is subject to United States federal income tax regardless of its source; or

a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all substantial decisions of the trust, or if the trust has made a valid election to be treated as a United States person.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) holds Common Shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships holding Common Shares should consult their own tax advisors.

Distributions on Common Shares

Cash distributions made by the Corporation to a United States holder with respect to Common Shares (including amounts withheld in respect of any Canadian withholding taxes) generally will be taxable to such United States holder as ordinary dividend income when such United States holder receives the distribution, actually or constructively, to the extent paid out of the Corporation's current or accumulated earnings and profits (as determined for United States federal income tax purposes). If these dividends constitute qualified dividend income ("QDI"), non-corporate United States holders, including individuals, of the Common Shares will generally pay tax on such dividends received at a maximum rate of 15% until taxable years beginning after December 31, 2010, provided certain holding period requirements and other conditions are satisfied. Assuming the Corporation is not and does not become a passive foreign investment company (as discussed below), dividends paid by the Corporation will be QDI if the Corporation is a qualified foreign corporation ("QFC") at the time the dividends are paid. The Corporation believes that it is currently, and will continue to be, a QFC so as to allow all dividends paid by it to be QDI for United States federal income tax purposes. Distributions in excess of the Corporation's current and accumulated earnings and profits will be treated first as a non-taxable return of capital reducing such United States holder's tax basis in the Common Shares. Any distribution in excess of such tax basis will be treated as capital gain and will be either long-term or short-term capital gain depending upon whether the United States holder held the Common Shares for more than one year. Dividends paid by the Corporation generally will not be eligible for the dividends-received deduction available to certain United States corporate shareholders.

Subject to certain limitations, a United States holder may be entitled to a credit or deduction against its United States federal income taxes for the amount of any Canadian taxes that are withheld from dividend distributions made to such United States holder. The decision to claim either a credit or deduction must be made annually and will apply to all foreign taxes paid by the United States holder to any foreign country or United States possession with respect to the applicable tax year. The limitation on foreign taxes eligible for

credit is calculated separately with respect to specific classes of income. Dividends received with respect to the Common Shares will be treated as foreign source income and generally will constitute "passive category income" or "general category income" for United States foreign tax credit limitation purposes. The rules regarding the availability of foreign tax credits are complex and United States holders may be subject to various limitations on the amount of foreign tax credits that are available. The Corporation therefore urges prospective purchasers to consult their own tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

The amount of any cash distribution paid in Canadian dollars will equal the US dollar value of the distribution, calculated by reference to the exchange rate in effect at the time the distribution is includable in income by the United States holder, regardless of whether the payment is in fact converted to US dollars at that time. Generally, a United States holder should not recognize any foreign currency gain or loss if such Canadian dollars are converted into US dollars on the date includable in income. If the Canadian dollars are not converted into US dollars on the date includable in income, however, gain or loss may be recognized upon a subsequent sale or other disposition of the Canadian dollars. Such foreign currency gain or loss, if any, will be United States source ordinary income or loss.

Sale, Exchange or Other Disposition of Common Shares

A United States holder will generally recognize capital gain or loss upon the sale, exchange or other disposition of the Common Shares measured by the difference between the amount received and the United States holder's tax basis in the Common Shares. Any gain or loss will be long-term capital gain or loss if the Common Shares have been held for more than one year and will generally be United States source gain or loss. A holder's ability to deduct capital losses is subject to limitations.

For cash-basis United States holders who receive foreign currency in connection with a sale, exchange or other disposition of Common Shares, the amount realized will be based upon the United States dollar value of the foreign currency received with respect to such Common Shares as determined on the settlement date of such sale, exchange or other disposition. Accrual-basis United States holders may elect the same treatment required of cash-basis taxpayers with respect to a sale, exchange or other disposition of Common Shares, provided that the election is applied consistently from year to year. Such election cannot be changed without the consent of the IRS. Accrual-basis United States holders that do not elect to be treated as cash-basis taxpayers (pursuant to the Treasury Regulations applicable to foreign currency transactions) for this purpose may have a foreign currency gain or loss for United States federal income tax purposes because of differences between the United States dollar value of the foreign currency received prevailing on the date of such sale, exchange or other disposition and the value prevailing on the date of payment. Any such currency gain or loss will generally be treated as ordinary income or loss that is United States source, in addition to the gain or loss, if any, recognized on the sale, exchange or other disposition of Common Shares.

Passive Foreign Investment Company Rules

United States holders generally will be subject to a special, adverse tax regime that would differ in certain respects from the tax treatment described above if the Corporation is, or were to become, a passive foreign investment company ("PFIC") for United States federal income tax purposes. Although the determination of whether a corporation is a PFIC is made annually based on the facts and circumstances in existence at such time and consequently may be subject to change, the Corporation does not believe that the Corporation is, nor does the Corporation expect to become, a PFIC for United States federal income tax purposes. However, the matter is not free from doubt. The Corporation urges holders to consult their own tax advisors regarding the adverse tax consequences of owning the Common Shares were we to be or become a PFIC and making certain elections designed to lessen those adverse consequences.

Backup Withholding and Information Reporting

In general, dividends on Common Shares, and payments of the proceeds of a sale, exchange or other disposition of Common Shares, paid to a United States holder within the United States or through certain

United States-related financial intermediaries, are subject to information reporting and may be subject to backup withholding at a rate currently equal to 28% unless the holder is a corporation or other exempt recipient, or provides an accurate taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred.

Backup withholding is not an additional tax. A holder generally will be allowed a credit of the amount of any backup withholding against its United States federal income tax liability or may obtain a refund of any amounts withheld under the backup withholding rules that exceed the holder's income tax liability by timely filing a refund claim with the IRS.

Risk Factors

An investment in the Common Shares offered hereunder involves certain risks. In addition to the other information contained in this Prospectus Supplement and the accompanying Prospectus, and in the documents incorporated by reference herein and therein, prospective purchasers of Common Shares should consider carefully the risk factors set forth below, as well as the risk factors referenced in the accompanying Prospectus under the heading "Risk Factors" and in the documents incorporated by reference therein.

Market Price

The market price of the Common Shares may fluctuate due to a variety of factors relative to the Corporation's business, including announcements of new developments, fluctuations in the Corporation's operating results, sales of the Common Shares in the marketplace, failure to meet analysts' expectations, the impact of any public announcements made in regard to this Offering or the Acquisition, general market conditions or the worldwide economy. In recent years, the Common Shares and stock markets in Canada and the United States have experienced significant price fluctuations, which may have been unrelated to the operating performance of the Corporation or the affected companies. There can be no assurance that the market price of the Common Shares will not experience significant fluctuations in the future, including fluctuation that are unrelated to the Corporation's performance.

Dividends

Dividends to be paid by the Corporation may fluctuate. The board of directors of the Corporation reviews the financial performance of the Corporation quarterly and makes a determination of the appropriate level of dividends to be declared in the following quarter. Currently, the Corporation's payment of dividends on its Common Shares is funded from dividends the Corporation receives as the sole common shareholder of TCPL. Provisions of various trust indentures and credit arrangements to which TCPL is a party restrict TCPL's ability to declare and pay dividends to the Corporation under certain circumstances and, if such restrictions apply, they may, in turn, have an impact on the Corporation's ability to declare and pay dividends on its Common Shares.

Development Projects and Acquisitions

The Corporation continues to focus on expanding its business through greenfield development projects and acquisitions. The development and construction of the Corporation's greenfield projects, including the second pipeline of the Keystone System, is subject to execution and capital cost risks, including risks relating to regulatory approvals, third party opposition, cost escalations, construction delays and shortages and capital constraints. Such risks may have an adverse impact on the Corporation's business, financial condition, results of operations and cash flows.

With respect to acquisitions, there can be no assurance that the Corporation will identify suitable transactions or that it will have access to sufficient resources, through its credit facilities, the capital markets or otherwise, to pursue and complete any identified acquisition opportunities on a timely basis and at a reasonable cost. Any acquisition proposed by the Corporation, including the acquisition of Ravenswood, would be subject to normal commercial risks that the transaction may not be completed on the terms negotiated, on time, or at all. An unavoidable level of risk remains regarding potential

undisclosed or unknown liabilities relating to any acquisition. The existence of such undisclosed liabilities may have an adverse impact on the Corporation. Further, there can be no assurance that the Corporation will be successful in integrating any acquisition or that the commercial opportunities or operational synergies of any acquisition will be realized as expected.

International Financing Reporting Standards

The Accounting Standards Board ("AcSB") of the Canadian Institute of Chartered Accountants has announced that Canadian publicly accountable enterprises will adopt International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, effective January 1, 2011. IFRS will require increased financial statement disclosure as compared to Canadian GAAP. Although IFRS uses a conceptual framework similar to Canadian GAAP, differences in accounting policies will need to be addressed by the Corporation. The Corporation is currently assessing the impact of this AcSB announcement on its financial statements.

Legal Matters

Certain legal matters relating to Canadian law in connection with the Common Shares offered hereby will be passed upon on behalf of the Corporation by Stikeman Elliott LLP and on behalf of the Underwriters by Macleod Dixon LLP. Certain legal matters relating to United States law in connection with the Common Shares offered hereby will be passed upon on behalf of the Corporation by Mayer Brown LLP and on behalf of the Underwriters by Shearman & Sterling LLP. As to matters of Canadian law, Mayer Brown LLP will rely upon the opinion of Stikeman Elliott LLP.

Interests of Experts

As at the date of this Prospectus Supplement, the partners and associates of Stikeman Elliott LLP and Mayer Brown LLP, as a group, and the partners and associates of Macleod Dixon LLP as a group, beneficially own, directly or indirectly, less than 1% of any class of securities of the Corporation. In connection with the audit of the Corporation's annual financial statements for the year ended December 31, 2007, KPMG LLP confirmed that they are independent within the meaning of the Rules of Professional Conduct of Alberta and the standards of the SEC.

Auditors, Transfer Agent and Registrar

The Corporation's auditors are KPMG LLP, Chartered Accountants, Calgary, Alberta.

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta, and Toronto, Ontario.

TRANSCANADA CORPORATION

\$3,000,000,000

**Common Shares
First Preferred Shares
Second Preferred Shares
Subscription Receipts**

TransCanada Corporation ("TCC" or the "Corporation") may from time to time offer common shares ("Common Shares"), first preferred shares ("First Preferred Shares"), second preferred shares ("Second Preferred Shares") and subscription receipts ("Subscription Receipts") (collectively, Common Shares, First Preferred Shares, Second Preferred Shares and Subscription Receipts are referred to herein as the "Securities") having an aggregate offering price of up to \$3,000,000,000 (or the equivalent in US dollars or other currencies) during the 25 month period that this short form base shelf prospectus, including any amendments hereto, remains valid (the "Offering").

The specific terms of any offering of Securities will be set forth in a shelf prospectus supplement (a "Prospectus Supplement") including, where applicable: (i) in the case of Common Shares, the number of shares offered and the offering price; (ii) in the case of First Preferred Shares and Second Preferred Shares, the designation of the particular series, the number of shares offered, the offering price, any voting rights, any rights to receive dividends, any terms of redemption, any conversion or exchange rights and any other specific terms; and (iii) in the case of Subscription Receipts, the offering price, the procedures for the exchange of the Subscription Receipts for Common Shares, First Preferred Shares or Second Preferred Shares, as the case may be, and any other specific terms. A Prospectus Supplement may include other terms pertaining to the Securities that are not prohibited by the parameters set forth in this prospectus.

All shelf information permitted under applicable laws to be omitted from this prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this prospectus. Each Prospectus Supplement will be incorporated by reference into this prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

The issued and outstanding Common Shares are listed on the Toronto Stock Exchange and the New York Stock Exchange under the symbol "TRP". **There is no market through which the First Preferred Shares, Second Preferred Shares or Subscription Receipts may be sold and purchasers may not be able to resell any First Preferred Shares, Second Preferred Shares or Subscription Receipts purchased under this prospectus. This may affect the pricing of these securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See the "Risk Factors" section of the applicable Prospectus Supplement.**

The Corporation may sell the Securities to or through underwriters purchasing as principals and may also sell the Securities to one or more purchasers directly or through agents. See "Plan of Distribution". The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter or agent, as the case may be, engaged by TCC in connection with the offering and sale of Securities, and will set forth the terms of the offering of such Securities, including the method of distribution of such Securities, the proceeds to TCC, any fees, discounts or other compensation payable to underwriters or agents, and any other material terms of the plan of distribution.

This Offering is made by a Canadian issuer that is permitted, under a multi-jurisdictional disclosure system adopted by the United States, to prepare this prospectus in accordance with Canadian disclosure requirements. Prospective investors should be aware that such requirements are different from those of the United States. Financial statements included or incorporated herein by reference have been prepared in accordance with Canadian generally accepted accounting principles, and may be subject to Canadian

auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies. Information regarding the impact upon the Corporation's financial statements of significant differences between Canadian and US generally accepted accounting principles is contained in the Corporation's audited related supplemental note entitled "Reconciliation to United States GAAP" as at December 31, 2005 and 2004 and for each of the years in the three year period ended December 31, 2005 and the unaudited related supplemental note entitled "Reconciliation to United States GAAP" as at September 30, 2006 and December 31, 2005 and for the three and nine month periods ended September 30, 2006 and 2005.

Prospective investors should be aware that the acquisition of the Securities described herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, or citizens of, the United States may not be described fully herein or in any applicable Prospectus Supplement.

The enforcement by investors of civil liabilities under US federal securities laws may be affected adversely by the fact that the Corporation is incorporated and organized under the laws of Canada, that some or all of its officers and directors are residents of Canada, that some or all of the experts named in the registration statement are residents of Canada and that all or a substantial portion of the assets of the Corporation and said persons are located outside the United States.

These Securities have not been approved or disapproved by the Securities and Exchange Commission (the "SEC") or any state securities commission nor has the SEC or any state securities commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is January 31, 2007.
