

BUSINESS AS UNUSUAL

Gaining Advantage in a Dynamic Project Landscape



Impact of the Economic Downturn on the Development of the Canadian Oil Sands

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TransCanada

- TransCanada Keystone Pipeline
- Canadian Market Outlook



42ND ANNUAL ECC CONFERENCE

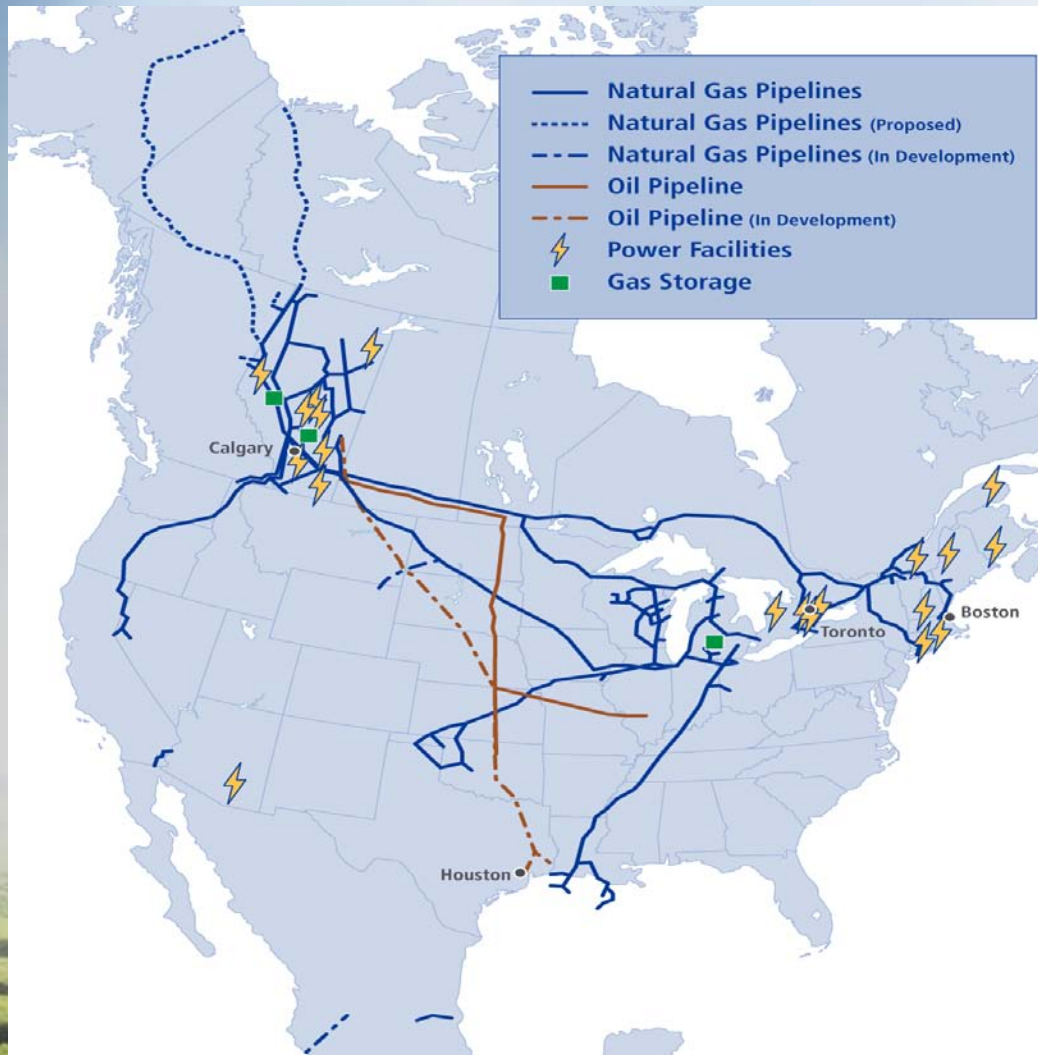
SEPT. 1ST–4TH 2010 - RITZ CARLTON GRANDE LAKES - ORLANDO, FLORIDA

engineering and construction contracting conference

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TransCanada Today



Natural Gas Pipelines

- 59,000 km wholly-owned
- 7,800 km partially-owned
- Average volume of 15 Bcf/d
- 250 Bcf of regulated natural gas storage capacity

Oil Pipelines

- Keystone 1.1 million Bbl/d
- Expandable to 1.5 million Bbl/d

Energy

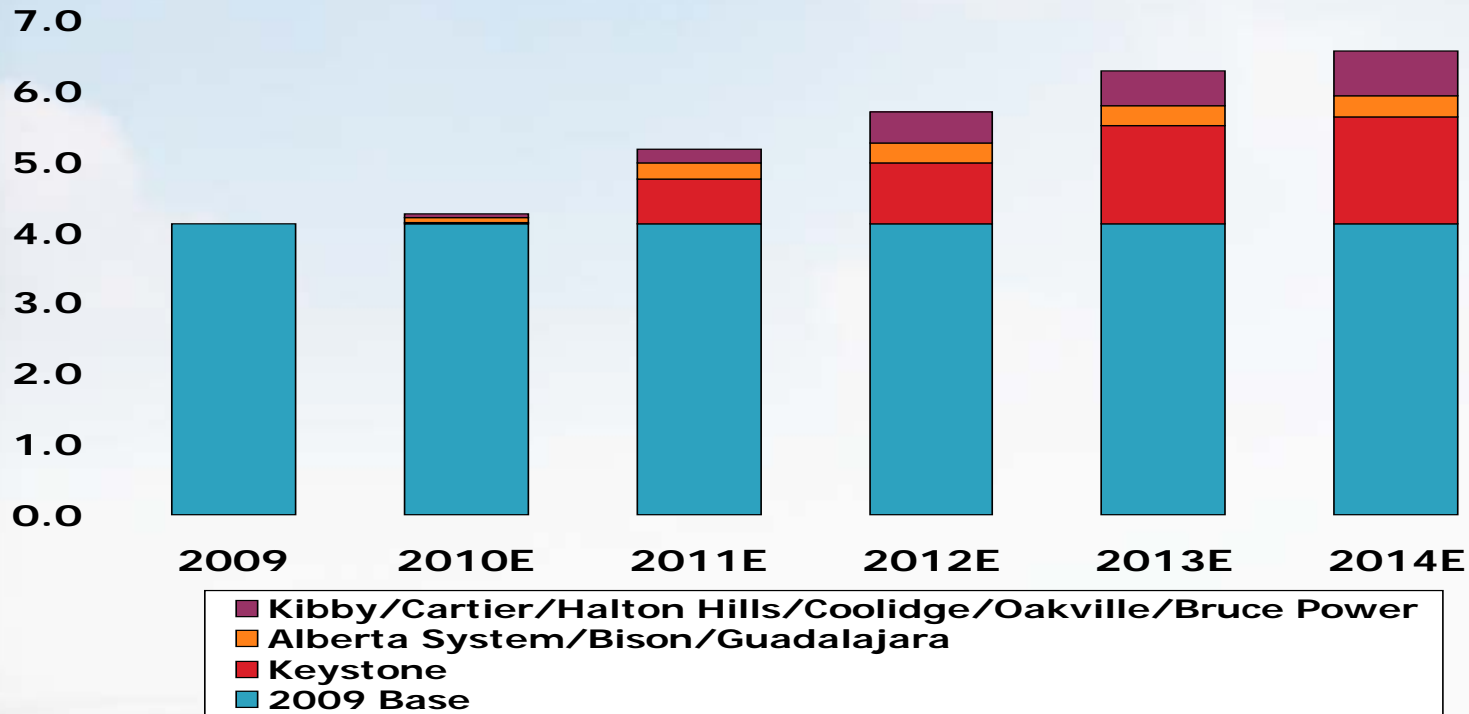
- 20 power plants, 11,800 MW
- Diversified portfolio, primarily low-cost, base-load generation or fully contracted plants with strong counterparties
- 120 Bcf of non-regulated natural gas storage capacity

\$22 Billion Capital Program



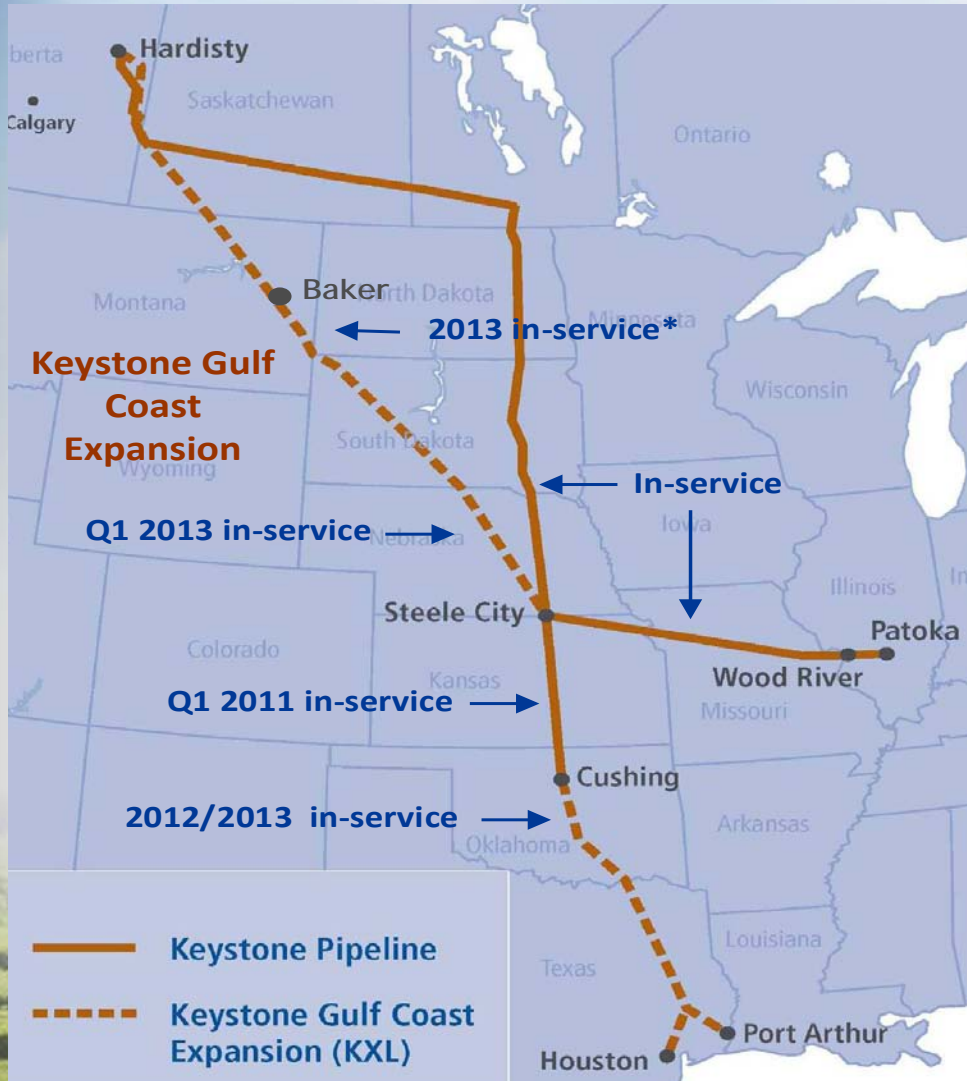
- Invested approximately \$12 billion in projects that start contributing to earnings and cash flow in near term
- Approximately \$1 billion in additional EBITDA expected in 2011
- Projects contributing include: Keystone, Groundbirch, Bison, Guadalajara, Halton Hills, Kibby, Coolidge and Bruce re-start

EBITDA Outlook – 2009 to 2014E



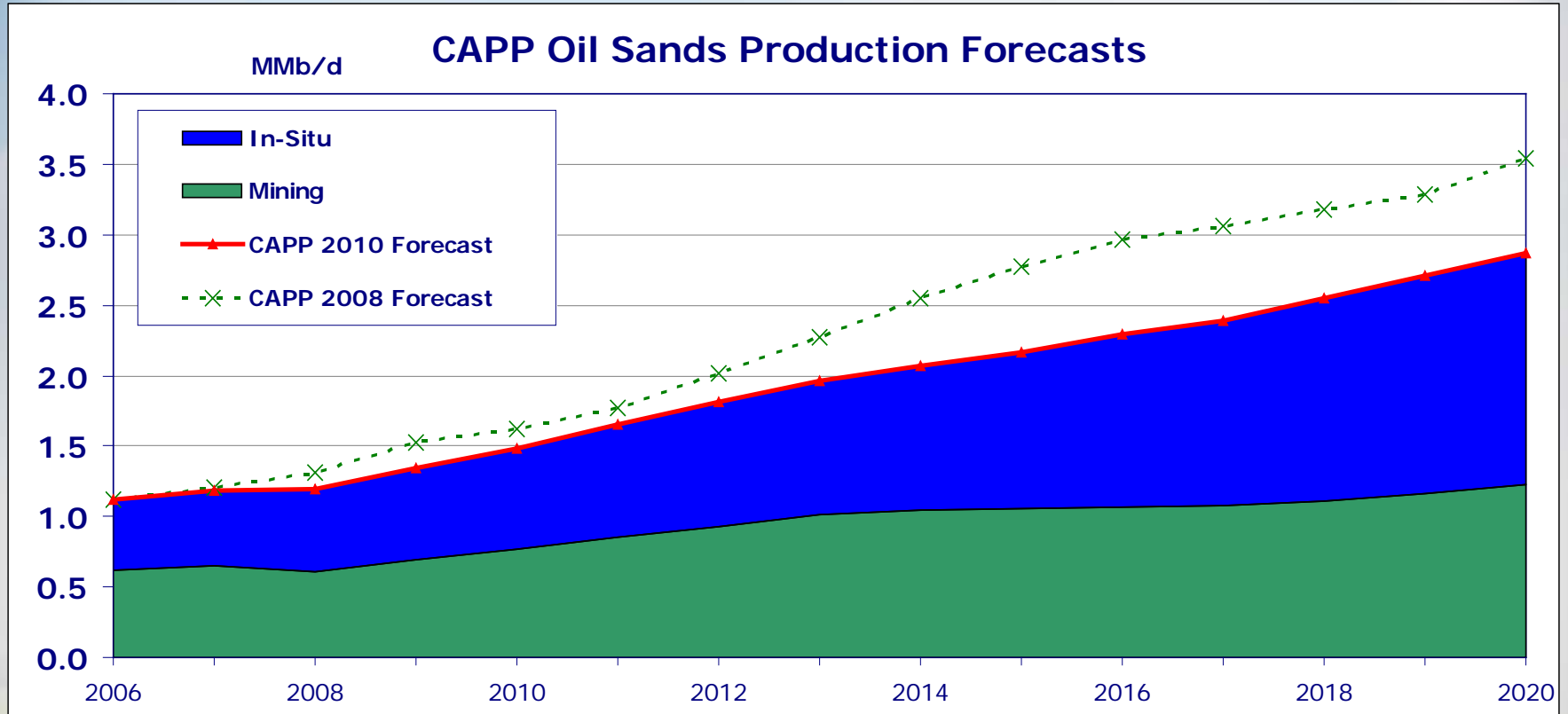
** excludes asset optimization and additional generic growth*

Keystone Oil Pipeline



- 1,090,000 b/d in capacity; 910,000 b/d in contracts (83% of total capacity)
- Expandable to 1,500,000 Bbl/d
- Approx. US\$12 billion
- Phase I to Patoka in service – Q2 2010
- Operations to Cushing expected to start in Q1 2011
- Operations to Gulf Coast expected to start in Q1 2013
- Montana receipt point being evaluated for 2013 in service
- Cushing receipt point being evaluated for 2013 in service

Canadian Oil Sands Supply Outlook



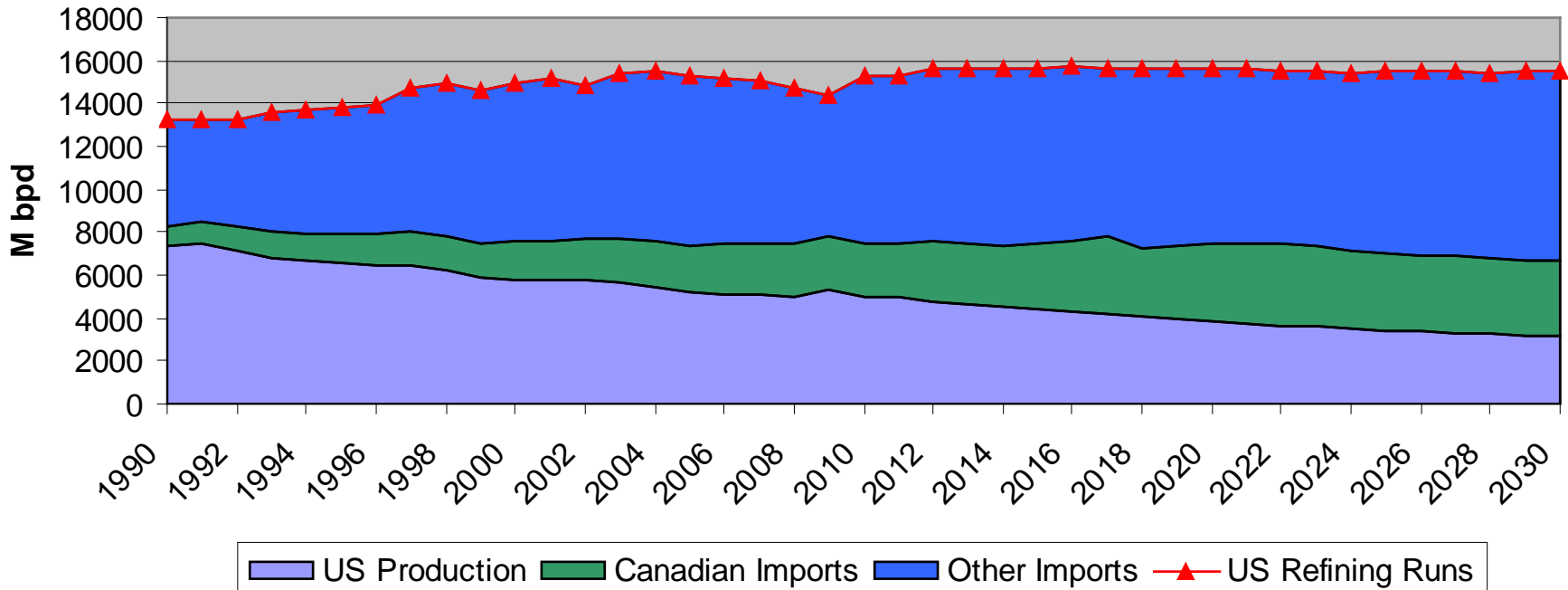
* CAPP (Canadian Association of Petroleum Producers)

US Bakken Supply Outlook

- Due to new technology and extraction methods the Bakken has become the fastest growing domestic US oil play
- 2010 Production in the region is estimated at 310 M bpd
- Production is expected to increase to up to 500 M bpd by 2015 and could be over 700 M bpd by 2020
- This production growth has caused North Dakota and Montana to outgrow their pipeline infrastructure, forcing the region to resort to expensive transportation methods such as trucking and railing

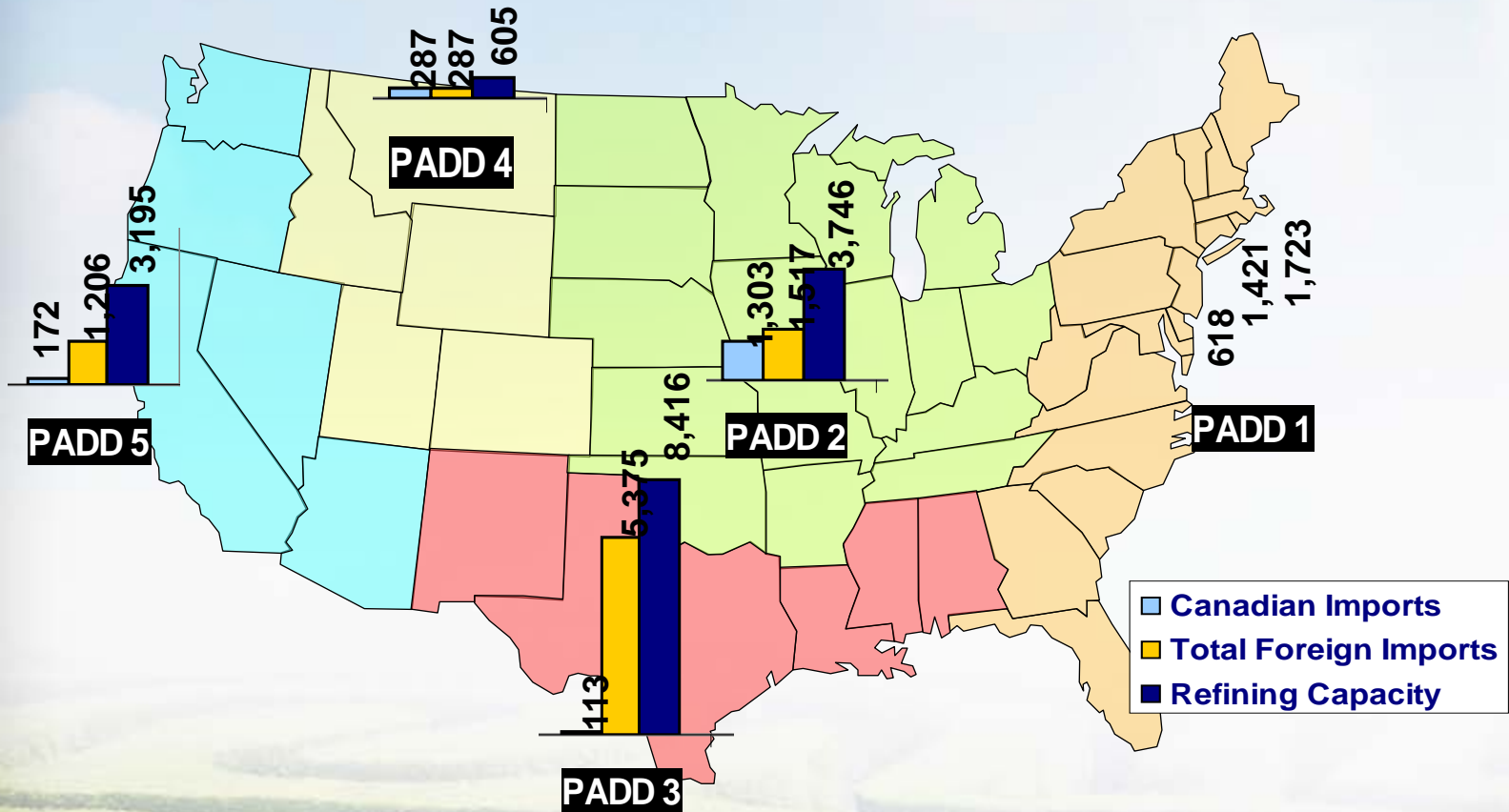
US Crude Oil Supply

US Crude Oil Supply 1990-2030



*Department of Energy EIA 2010

Canadian Crude Oil Presentation



2008 EIA Actuals. All values in M bpd

Keystone will connect Canadian supply with US demand



- Links growing supply in Western Canada with the largest refining markets in North America
- 1.1 million Bbl/d of capacity; expandable to 1.5 million Bbl/d of capacity
- 910,000 Bbl/d committed for an average term of 18 years
- Approx. US\$12 billion

Keystone Construction Update



Cushing Extension:

- Steele City, NE to Cushing, OK
- In-service Q1 2011
- 100% of all pipeline construction contracts and material supply completed
- All major regulatory permits in place
- Construction has begun
- Commercial in-service Q1 2011

Keystone XL:

- Hardisty, AB to Port Arthur, TX
- Canadian regulatory approval received Q1 2010
- US draft EIS received April 2010
- Over 97% Land Acquisition complete in Canada
- 52% Land Acquisition complete in US
- 100% line pipe procured
- 90% pump station materials procured
- 2010 pipeline construction bids tendered

Economic Benefits of the Gulf Coast Expansion

Keystone XL (Estimated-Perryman Report 2010):

- 118,935 - person years of employment over life of Keystone XL
- \$600 Million USD - Government revenues during Keystone XL Construction
- \$5.2 Billion USD - cumulative property taxes throughout operational life of the pipeline
- Stable and secure source of crude oil
- Significant and ongoing stimulus to US business activity

Impact of the Economic Downturn on the Procurement of Goods and Services

Since July 2008 the North American demand for goods and services has been significantly reduced from the Heated Market dynamics: 2006 to mid 2008.

Supply base for goods and services have increased which has contributed to greater surety of supply, and competitive pricing.

TransCanada's procurement strategies are focused on obtaining the Best Value for its Projects through competitive processes and market condition positioning:

- Quality
- Security of Supply
- Technical Compatibility
- Commercial Terms
- Competitive Pricing

Summary



- The Keystone system is a key part of TransCanada's large and growing capital program
- The Keystone system is a key link between Canadian Supply and US Demand
- Flat US demand until 2030
- Steep declines in conventional US production
- Declines in traditional US supply sources
- Growing and secure oil supply in Western Canada exists, despite economic slow down in Alberta oil sands
- US will remain a key market for Canadian crude oil and Canada will remain a key source of supply for US demand for the foreseeable future
- The Keystone and Keystone XL projects will bring significant economic benefits to the US
- The Keystone project is on schedule to meet US Demand