

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement (the “prospectus supplement”), together with the accompanying short form base shelf prospectus dated December 23, 2015 to which it relates, as amended or supplemented (the “prospectus”), and each document incorporated by reference into the prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. See “Plan of Distribution”.

Information has been incorporated by reference in the prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated therein by reference may be obtained on request without charge from the Corporate Secretary of TransCanada Corporation, 450 – 1st Street S.W., Calgary, Alberta, Canada, T2P 5H1 (telephone (403) 920-2000) and are also available electronically at [www.sedar.com](http://www.sedar.com).

## Prospectus Supplement to the Short Form Base Shelf Prospectus Dated December 23, 2015

New Issue

November 14, 2016



### TRANSCANADA CORPORATION

**\$1,000,000,000**

### **40,000,000 Cumulative Redeemable Minimum Rate Reset First Preferred Shares, Series 15**

TransCanada Corporation (the “Corporation” or “TransCanada”) is hereby qualifying the distribution (the “Offering”) of 40,000,000 cumulative redeemable minimum rate reset first preferred shares, Series 15 (“Series 15 Shares”) of the Corporation at a price of \$25.00 per Series 15 Share. See “Details of the Offering” and “Plan of Distribution”.

The holders of Series 15 Shares will be entitled to receive, as and when declared by the board of directors of the Corporation out of moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends for the initial period (the “Initial Fixed Rate Period”) from and including the date of issue of the Series 15 Shares to but excluding May 31, 2022, at an annual rate of \$1.2250 per share, payable quarterly on the last business day of February, May, August and November in each year. Assuming an issue date of November 21, 2016, the first dividend, if declared, will be payable February 28, 2017, in the amount of \$0.3323 per share.

For each five-year period after the Initial Fixed Rate Period (each a “Subsequent Fixed Rate Period”, as defined herein), the holders of Series 15 Shares shall be entitled to receive, as and when declared by the board of directors of the Corporation, fixed cumulative preferential cash dividends, payable quarterly on the last business day of February, May, August and November in each year, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate (as defined herein) for such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by the Corporation on the Fixed Rate Calculation Date (as defined herein) and will be equal to the sum of the Government of Canada Yield (as defined herein) on the Fixed Rate Calculation Date plus a spread of 3.85%, provided that, in any event, such rate shall not be less than 4.90%. This spread will apply to both the Series 15 Shares and the Series 16 Shares (as defined herein) described below, and will remain unchanged over the life of the Series 15 Shares and the Series 16 Shares. See “Details of the Offering”.

The Series 15 Shares shall not be redeemable prior to May 31, 2022. On May 31, 2022, and on the last business day of May in every fifth year thereafter, the Corporation may, at its option, upon not less than 30 days and not more than 60 days prior written notice, redeem for cash all or any part of the outstanding Series 15 Shares by the payment of \$25.00 per Series 15 Share plus all accrued and unpaid dividends. See “Details of the Offering”.

## Option to Convert into Series 16 Shares

The holders of the Series 15 Shares will have the right to convert all or any of their shares into cumulative redeemable first preferred shares, Series 16 of the Corporation (the “Series 16 Shares”), subject to certain conditions, on May 31, 2022 and on the last business day of May in every fifth year thereafter. The holders of the Series 16 Shares will be entitled to receive, as and when declared by the board of directors of the Corporation, quarterly floating rate cumulative preferential cash dividends payable on the last business day of February, May, August and November in each year (each such quarterly dividend period is referred to as a “Quarterly Floating Rate Period”, as defined herein) in the amount per share determined by multiplying the Floating Quarterly Dividend Rate (as defined herein) for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year. The Floating Quarterly Dividend Rate will be the annual rate of interest equal to the sum of the T-Bill Rate (as defined herein) on the applicable Floating Rate Calculation Date (as defined herein) plus a spread of 3.85%. See “Details of the Offering”.

The Series 15 Shares and Series 16 Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series 15 Shares and Series 16 Shares are identical in all material respects.

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### Price: \$25.00 per Series 15 Share to initially yield 4.90% per annum

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	Price to the Public	Underwriters’ Fee <sup>(1)</sup>	Net Proceeds to the Corporation <sup>(2)</sup>
Per Series 15 Share .....	\$25.00	\$0.75	\$24.25
<b>Total</b> .....	\$1,000,000,000	\$30,000,000	\$970,000,000

- (1) The Underwriters’ fee for the Series 15 Shares is \$0.25 for each share sold to certain institutions by closing of the Offering, and \$0.75 per share for all other Series 15 Shares purchased by the Underwriters (as defined herein). The Underwriters’ fee indicated in the table assumes that no Series 15 Shares are sold to such institutions.
- (2) Before deducting the estimated expenses of the Offering of approximately \$1.4 million. The expenses of the Offering and the Underwriters’ fee will be paid from the general funds of the Corporation.

**There is no market through which the Series 15 Shares may be sold and purchasers may not be able to resell Series 15 Shares purchased under this prospectus supplement. This may affect the pricing of the Series 15 Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Series 15 Shares and the extent of issuer regulation. See “Risk Factors”.**

The Corporation has applied to the Toronto Stock Exchange (the “TSX”) to list the Series 15 Shares and Series 16 Shares described in this prospectus supplement. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSX. There can be no assurance that the Series 15 Shares and Series 16 Shares will be accepted for listing on the TSX.

It is currently anticipated that the closing date of the Offering (the “Offering Closing Date”) will be on or about November 21, 2016, or such later date as the Corporation and the Underwriters may agree but in any event not later than November 30, 2016. See “Details of the Offering”.

Scotia Capital Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., National Bank Financial Inc., HSBC Securities (Canada) Inc., GMP Securities L.P. and Peters & Co. Limited (collectively, the “Underwriters”), as principals, conditionally offer the Series 15 Shares, subject to prior sale, if, as and when issued by the Corporation to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement (as defined herein) referred to under “Plan of Distribution”, and subject to the approval of certain legal matters relating to the Offering on behalf of the Corporation by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Norton Rose Fulbright Canada LLP (collectively “Counsel”).

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 Series 15 Shares will be

issued in registered form to CDS Clearing and Depository Services Inc. (“CDS”) or its nominee and will be deposited with CDS on the Offering Closing Date. A purchaser of Series 15 Shares will receive only a customer confirmation from a registered dealer which is a CDS participant and from or through which the Series 15 Shares are purchased. See “Depository Services”.

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 Series 15 Shares at levels other than those which might otherwise prevail on the open market. **The Underwriters propose to offer the Series 15 Shares initially at the offering price specified above. After a reasonable effort has been made to sell all of the Series 15 Shares at the price specified, the Underwriters may reduce the selling price to investors from time to time in order to sell any of the Series 15 Shares remaining unsold. Any such reduction will not affect the proceeds received by the Corporation. See “Plan of Distribution”.**

In the opinion of Counsel, subject to the provisions of any particular plan, the Series 15 Shares, if issued on the date hereof, generally would be qualified investments under the *Income Tax Act* (Canada) (the “Tax Act”) for certain tax-exempt trusts. See “Eligibility for Investment”.

**Investing in the Series 15 Shares involves certain risks. See “Risk Factors” in the accompanying prospectus and in this prospectus supplement.**

**Each of Scotia Capital Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., National Bank Financial Inc. and HSBC Securities (Canada) Inc. is a subsidiary or an affiliate of a lender which is one of the lenders to the Corporation or its subsidiaries and to which the Corporation or its affiliates 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”.**

**The earnings coverage ratios of the Corporation for the 12-month periods ended December 31, 2015 and September 30, 2016 are less than one-to-one. If adjusted to exclude the Corporation’s non-cash impairment charges for Ravenswood goodwill and Keystone XL and related projects, as applicable, such earnings coverage ratios would be greater than one-to-one. See “Earnings Coverage Ratios”.**

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### 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 base shelf prospectus, gives more general information, some of which may not apply to the Series 15 Shares offered hereunder. The accompanying base shelf prospectus, dated December 23, 2015, is referred to as the “prospectus” in this prospectus supplement. Except on the cover page and under the heading “Details of the Offering” and unless the context otherwise requires, all references in this prospectus supplement to “we”, “us”, “our”, or the “Corporation” refer to TransCanada Corporation and its subsidiaries, partnership interests and joint venture investments.

If the description of the securities varies between this prospectus supplement and the prospectus, you should rely only on the information in this prospectus supplement. You should rely only on the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference therein. We have not, and the Underwriters have not, authorized any person to provide you with different information. If any person other than us provides you with different or inconsistent information you should not rely on it. We and the Underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference therein is accurate only as of their respective dates. Our business, properties, 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, all dollar amounts are expressed in Canadian dollars. References to “dollars” or “\$” are to lawful currency of Canada, and references to “U.S. dollars” and “U.S.\$” are to lawful currency of the U.S.

**Unless otherwise indicated, all financial information included and incorporated by reference in this prospectus supplement and the prospectus has been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”).**

## FORWARD-LOOKING INFORMATION

This prospectus supplement and the prospectus and the documents incorporated by reference therein include “forward-looking information” and “forward-looking statements” (collectively, “forward-looking information”) within the meaning of securities laws, including the “safe harbour” provisions of the *Securities Act* (Ontario) and the *Securities Act* (Alberta). The words “anticipate”, “expect”, “believe”, “may”, “will”, “should”, “estimate”, “project”, “outlook”, “forecast”, “intend”, “target”, “plan” or other similar words are used to identify such forward-looking information. Forward-looking information in this prospectus supplement, in the prospectus and in the documents incorporated by reference therein is intended to provide potential investors with information regarding us, including management’s assessment of our future plans and financial outlook. Forward-looking information in this prospectus supplement includes statements under the headings “Recent Developments”, “Use of Proceeds” and “Relationship Between the Corporation and Certain of the Underwriters”. Forward-looking information in the prospectus and the documents incorporated by reference therein may include, but is not limited to, statements regarding:

- planned changes in our business including the divestiture of certain assets;
- our financial and operational performance, including the performance of our subsidiaries;
- expectations or projections about strategies and goals for growth and expansion;
- expected cash flows and future financing options available to us;
- expected costs for planned projects, including projects under construction and in development;
- expected schedules for planned projects (including anticipated construction and completion dates);
- expected regulatory processes and outcomes;
- expected impact of regulatory outcomes;
- expected outcomes with respect to legal proceedings, including arbitration and insurance claims;
- expected capital expenditures and contractual obligations;
- expected operating and financial results;
- the expected impact of future accounting changes, commitments and contingent liabilities;
- expected industry, market and economic conditions; and
- future dividend growth.

This forward-looking information reflects our beliefs and assumptions based on information available at the time the information was stated and as such is not a guarantee of future performance. By its nature, forward-looking information is subject to various assumptions, risks and uncertainties which could cause our actual results and achievements to differ materially from the anticipated results or expectations expressed or implied in such information.

Key assumptions on which our forward-looking information is based include, but are not limited to, assumptions about:

- planned monetization of our U.S. Northeast power assets;
- inflation rates, commodity prices and capacity prices;
- timing of financings and hedging;
- regulatory decisions and outcomes;
- termination of the Alberta Power Purchase Arrangements;
- foreign exchange rates;
- interest rates;
- tax rates;
- planned and unplanned outages and the use of our pipeline and energy assets;
- integrity and reliability of our assets;

- access to capital markets;
- anticipated construction costs, schedules and completion dates; and
- acquisitions and divestitures.

The risks and uncertainties that could cause actual results or events to differ materially from current expectations include, but are not limited to:

- our ability to realize the anticipated benefits of the acquisition of Columbia Pipeline Group, Inc. (“Columbia” and when referring to the acquisition, the “Acquisition”);
- timing and execution of our planned asset sales;
- our ability to successfully implement our strategic initiatives;
- whether our strategic initiatives will yield the expected benefits;
- the operating performance of our pipeline and energy assets;
- amount of capacity sold and rates achieved in our pipeline business;
- the availability and price of energy commodities;
- the amount of capacity payments and revenues we receive from our energy business;
- regulatory decisions and outcomes;
- outcomes of legal proceedings, including arbitration and insurance claims;
- performance and credit risk of our counterparties;
- changes in market commodity prices;
- changes in the political environment;
- changes in environmental and other laws and regulations;
- competitive factors in the pipeline and energy sectors;
- construction and completion of capital projects;
- costs for labour, equipment and materials;
- access to capital markets;
- interest, tax and foreign exchange rates;
- weather;
- cyber security;
- technological developments; and
- economic conditions in North America as well as globally.

Additional information on these and other factors is discussed in this prospectus supplement, the prospectus and the documents incorporated by reference therein including in the 2015 MD&A (as defined herein) under the headings “Natural Gas Pipelines — Business Risks”, “Liquids Pipelines — Business Risks”, “Energy — Business Risks” and “Other Information — Risks and Risk Management” and “Financial Risks” and in Schedule A to the BAR (as defined herein), as may be modified or superseded by documents incorporated or deemed to be incorporated by reference in the prospectus.

Readers are cautioned against placing undue reliance on forward-looking information, which is given as of the date it is expressed in this prospectus supplement or otherwise, and not to use future-oriented information or financial outlooks for anything other than their intended purpose. We undertake no obligation to publicly update or revise any forward-looking information in this prospectus supplement or otherwise, whether as a result of new information, future events or otherwise, except as required by law.

## 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 distribution of the Series 15 Shares offered hereunder. 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, which were filed by us with the various securities commissions or similar authorities in each of the provinces and territories of Canada, are incorporated by reference into the prospectus:

- (a) management information circular dated March 2, 2015 for the annual and special meeting of shareholders held on May 1, 2015;
- (b) audited comparative consolidated financial statements as at December 31, 2015 and 2014 and for each of the years in the three-year period ended December 31, 2015, the notes thereto, and the auditors' report thereon;
- (c) management's discussion and analysis of financial condition and results of operations as at and for the year ended December 31, 2015 (the "2015 MD&A");
- (d) annual information form for the year ended December 31, 2015 dated February 10, 2016 (the "Annual Information Form");
- (e) management information circular dated February 23, 2016 for the annual and special meeting of shareholders held on April 29, 2016;
- (f) the material change report dated March 18, 2016;
- (g) unaudited interim comparative consolidated financial statements as at September 30, 2016 and for the three and nine month periods ended September 30, 2016 and 2015 and the notes thereto;
- (h) management's discussion and analysis of financial condition and results of operations as at and for the three and nine months ended September 30, 2016 (the "Interim MD&A" and together with 2015 MD&A, the "MD&A");
- (i) the business acquisition report dated July 22, 2016 relating to the acquisition of Columbia (the "BAR"); and
- (j) the template version (as such term is defined in National Instrument 41-101 — General Prospectus Requirements) of the term sheet relating to the Offering dated November 14, 2016 (the "Initial Term Sheet") and the template version of the revised term sheet for the Offering dated November 14, 2016 (the "Revised Term Sheet").

Any documents of the type referred to above, including all annual information forms, all information circulars, all annual and interim financial statements and management's discussion and analysis relating thereto, all material change reports (excluding confidential material change reports), press releases containing financial information for financial periods more recent than the most recent annual or interim financial statements, and any business acquisition reports, as well as all prospectus supplements disclosing additional or updated information) relating to the Offering subsequently filed by the Corporation with securities regulatory authorities in Canada after the date of this prospectus supplement and prior to the completion or termination of the Offering shall be deemed to be incorporated by reference into the prospectus. These documents will be available through the internet on the System for Electronic Document Analysis and Retrieval ("SEDAR"), which can be accessed at [www.sedar.com](http://www.sedar.com).

**Any statement contained in the prospectus, this prospectus supplement or in a document incorporated, or deemed to be incorporated, by reference in the prospectus 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 in this prospectus supplement or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference in the prospectus 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.**

## **MARKETING MATERIALS**

The template version of the Initial Term Sheet does not form part of this prospectus supplement to the extent that the contents thereof have been modified or superseded by a statement contained in this prospectus supplement.

Statements included in the template version of the Initial Term Sheet relating to the size of the Offering, including the number of Series 15 Shares being distributed pursuant to the Offering and the Corporation granting an option to the Underwriters to purchase additional Series 15 Shares, have been modified in view of disclosure contained in this prospectus supplement to reflect the increase in the number of Series 15 Shares being distributed pursuant to the Offering from what was disclosed in the Initial Term Sheet and the elimination of the option granted to the Underwriters. See disclosure on the cover page of this prospectus supplement and under “Details of the Offering”. Pursuant to Section 9A.3(7) of National Instrument 44-102 — Shelf Distributions, the Corporation has prepared a revised template version of the Initial Term Sheet, being the Revised Term Sheet, which has been blacklined to show the modified statements discussed herein. The Revised Term Sheet and the blacklined version thereof have been filed with the securities commissions or similar authorities in each of the provinces and territories of Canada and can be viewed under the Corporation’s profile at [www.sedar.com](http://www.sedar.com).

Any “template version” of “marketing materials” (as those terms are defined in National Instrument 41-101 – General Prospectus Requirements) filed by the Corporation under National Instrument 44-102 – Shelf Distributions in connection with the Offering after the date of this prospectus supplement and before termination of the Offering, will be deemed to be incorporated by reference into the prospectus for the purposes of the distribution of Series 15 Shares to which this prospectus supplement pertains.

## **RECENT DEVELOPMENTS**

### **Common Share Issuance**

On November 1, 2016 TransCanada entered into an agreement with a syndicate of underwriters, under which the underwriters have agreed to purchase from us and sell to the public 54,750,000 Common Shares at a price of \$58.50 per Common Share for total gross proceeds of approximately \$3.2 billion (the “Common Share Offering”). TransCanada has also granted the underwriters an option to purchase up to an additional 5,475,000 Common Shares at a price of \$58.50 per Common Share at any time up to 30 days after closing of the Common Share Offering, which option was fully exercised on November 9, 2016. The Common Share Offering is subject to the receipt of all necessary regulatory and stock exchange approvals and subject to customary closing conditions and we expect the transaction to close on November 16, 2016.

For purposes of financing the Acquisition, TCPL and TransCanada PipeLine USA Ltd. entered into a credit agreement with a syndicate of lenders providing for senior unsecured asset sale bridge term loan credit facilities in an aggregate principal amount of U.S.\$6.9 billion (the “Acquisition Credit Facilities”). The net proceeds from the Common Share Offering will be used to repay a portion of the indebtedness under the Acquisition Credit Facilities.

## **USE OF PROCEEDS**

The net proceeds to the Corporation from the Offering will be approximately \$970,000,000 after deducting the Underwriters’ fee of approximately \$30,000,000 and before deducting expenses of the Offering. The net proceeds of the Offering will be used for general corporate purposes and to reduce short term indebtedness of TransCanada and its affiliates, which short term indebtedness was used to fund TransCanada’s capital program and for general corporate purposes.

## **CONSOLIDATED CAPITALIZATION**

Other than the contemplated issuance of 60,225,000 Common Shares pursuant to the Common Share Offering and the anticipated repayment of a portion of the Acquisition Credit Facilities using the net proceeds therefrom, there have been no material changes in the share and loan capital of the Corporation on a consolidated basis since September 30, 2016. After



giving effect to the Offering, the equity of the Corporation will increase by the amount of the net proceeds of the Offering and the issued and outstanding Series 15 Shares will increase by 40,000,000 shares.

## DETAILS OF THE OFFERING

The following is a summary of the principal rights, privileges, restrictions and conditions attaching to the first preferred shares (“First Preferred Shares”) of the Corporation as a class and to be attached to the Series 15 Shares and Series 16 Shares. Such provisions will be available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Definition of Terms

The following definitions are relevant to the Series 15 Shares and the Series 16 Shares.

“Annual Fixed Dividend Rate” means, for any Subsequent Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 3.85%, provided that, in any event, such rate shall not be less than 4.90%.

“Dividend Payment Date” means the last business day of February, May, August and November in each year.

“Fixed Rate Calculation Date” means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

“Floating Quarterly Dividend Rate” means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 3.85%.

“Floating Rate Calculation Date” means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

“Government of Canada Yield” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen GCAN5YR <Index> Page on such date; provided that if such rate does not appear on the Bloomberg Screen GCAN5YR <Index> Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to the Corporation by two registered Canadian investment dealers selected by the Corporation as being the annual yield to maturity on such date, compounded semi-annually, that a non-callable Government of Canada bond would carry if issued, in Canadian dollars, at 100% of its principal amount on such date with a term to maturity of five years.

“Initial Fixed Rate Period” means the period from and including the date of issue of the Series 15 Shares to but excluding May 31, 2022.

“Quarterly Commencement Date” means the last business day of February, May, August and November in each year, commencing May 31, 2022.

“Quarterly Floating Rate Period” means the period from and including a Quarterly Commencement Date to but excluding the next succeeding Quarterly Commencement Date.

“Series 15 Conversion Date” means May 31, 2022, and the last business day of May in every fifth year thereafter.

“Series 16 Conversion Date” means May 31, 2027, and the last business day of May in every fifth year thereafter.

“Subsequent Fixed Rate Period” means, for the initial Subsequent Fixed Rate Period, the period from and including May 31, 2022 to but excluding May 31, 2027, and for each succeeding Subsequent Fixed Rate Period means the period from and including the day immediately following the last day of the immediately preceding Subsequent Fixed Rate Period to but excluding the last business day of May in the fifth year thereafter.

“T-Bill Rate” means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on 90 day Government of Canada treasury bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

### **Certain Provisions of the First Preferred Shares as a Class**

Subject to certain limitations, the board of directors of the Corporation may, from time to time, issue First Preferred Shares in one or more series and determine for any such series, prior to any issuance, its designation, number of shares and respective rights, privileges, restrictions and conditions. The First Preferred Shares, as a class, have, among others, provisions to the effect set forth below.

#### *Priority*

The First Preferred Shares of each series shall rank on a parity with the First Preferred Shares of every other series, and shall be entitled to preference over the Common Shares and the second preferred shares of the Corporation and any other shares ranking junior to the First Preferred Shares with respect to the payment of dividends, the repayment of capital and the distribution of assets of the Corporation for the purpose of winding up its affairs in the event of a liquidation, dissolution or winding up of the Corporation.

#### *Voting Rights*

Except as provided by the *Canada Business Corporations Act* or as referred to below, the holders of the First Preferred Shares will not have any voting rights nor will they be entitled to receive notice of or to attend shareholders’ meetings. The holders of any particular series of First Preferred Shares will, if the directors of the Corporation so determine prior to the issuance of such series, be entitled to such voting rights as may be determined by the directors if the Corporation fails to pay dividends on that series of First Preferred Shares for any period as may be so determined by the directors.

#### *Changes in Terms*

The provisions attaching to the First Preferred Shares as a class may be modified, amended or varied only with the approval of the holders of the First Preferred Shares as a class. Any such approval to be given by the holders of the First Preferred Shares may be given by the affirmative vote of the holders of not less than  $66\frac{2}{3}$  per cent of the First Preferred Shares represented and voted at a meeting or adjourned meeting of such holders.

### **Certain Provisions of the Series 15 Shares**

#### *Issue Price*

The Series 15 Shares will have an issue price of \$25.00 per share.

#### *Dividends on Series 15 Shares*

During the Initial Fixed Rate Period, the holders of the Series 15 Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the board of directors, out of the moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends at an annual rate of \$1.2250 per share, payable quarterly on each Dividend Payment Date in each year. The first dividend, if declared, shall be payable on February 28, 2017, and, notwithstanding the foregoing, shall be in the amount per share determined by multiplying \$1.2250 by the number of days in the period from and including the date of issue of the Series 15 Shares to but excluding February 28, 2017, and dividing that product by 365.

During each Subsequent Fixed Rate Period, the holders of the Series 15 Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the board of directors, out of the moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends, payable quarterly on each Dividend Payment Date, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate for such Subsequent Fixed Rate Period by \$25.00.

On each Fixed Rate Calculation Date, the Corporation shall determine the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period. Each such determination shall, in the absence of manifest error, be final and binding

upon the Corporation and upon all holders of Series 15 Shares. The Corporation shall, on each Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series 15 Shares.

#### *Redemption of Series 15 Shares*

The Series 15 Shares shall not be redeemable prior to May 31, 2022. Subject to the provisions described under “Restrictions on Payments and Reductions of Capital”, on May 31, 2022 and on the last business day of May in every fifth year thereafter, the Corporation may redeem all or any part of the Series 15 Shares by the payment of an amount in cash for each share to be redeemed equal to \$25.00 plus all accrued and unpaid dividends thereon to but excluding the date fixed for redemption.

Notice of any redemption of Series 15 Shares will be given by the Corporation not more than 60 days and not less than 30 days prior to the date fixed for redemption. If less than all of the outstanding Series 15 Shares are at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the board of directors of the Corporation or the transfer agent, if any, appointed by the Corporation in respect of such shares shall decide, or, if the board of directors of the Corporation so decides, such shares may be redeemed pro rata (disregarding fractions).

From and after the date specified in a notice of redemption, the Series 15 Shares called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price is not made upon presentation of certificates in accordance with the provisions of the Series 15 Shares, in which case the rights of the holders shall remain unaffected.

#### *Conversion of Series 15 Shares into Series 16 Shares*

The Series 15 Shares shall not be convertible prior to May 31, 2022. Holders of Series 15 Shares shall have the right to convert on each Series 15 Conversion Date, subject to certain restrictions, all or any of their Series 15 Shares into Series 16 Shares on the basis of one Series 16 Share for each Series 15 Share. Notice of a holder’s intention to convert Series 15 Shares must be received by the transfer agent and registrar for the Series 15 Shares at its principal office in Toronto or Calgary not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 15 Conversion Date. Once received by the transfer agent and registrar on behalf of the Corporation, the election of a holder to convert is irrevocable.

The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series 15 Conversion Date, give notice to the then registered holders of the Series 15 Shares of the conversion right. On the 30th day prior to each Series 15 Conversion Date, the Corporation shall give notice to the then registered holders of the Series 15 Shares of the Annual Fixed Dividend Rate for the Series 15 Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 16 Shares for the next succeeding Quarterly Floating Rate Period.

Holders of Series 15 Shares shall not be entitled to convert their shares into Series 16 Shares if the Corporation determines that there would remain outstanding on a Series 15 Conversion Date less than 1,000,000 Series 16 Shares, after having taken into account all Series 15 Shares tendered for conversion into Series 16 Shares and all Series 16 Shares tendered for conversion into Series 15 Shares. The Corporation shall give notice thereof to all affected registered holders of the Series 15 Shares at least seven days prior to the applicable Series 15 Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series 15 Conversion Date less than 1,000,000 Series 15 Shares, after having taken into account all Series 15 Shares tendered for conversion into Series 16 Shares and all Series 16 Shares tendered for conversion into Series 15 Shares, then all of the remaining outstanding Series 15 Shares shall be converted automatically into Series 16 Shares on the basis of one Series 16 Share for each Series 15 Share on the applicable Series 15 Conversion Date and the Corporation shall give notice thereof to the then registered holders of such remaining Series 15 Shares at least seven days prior to the Series 15 Conversion Date.

The Corporation reserves the right not to deliver Series 16 Shares to any person that the Corporation or its transfer agent has reason to believe is a person whose address is in, or that the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction.

If the Corporation gives notice to the holders of the Series 15 Shares of the redemption of all of the Series 15 Shares, the right of a holder of Series 15 Shares to convert such Series 15 Shares shall terminate and the Corporation shall not be

required to give notice to the registered holders of the Series 15 Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or the conversion right of holders of Series 15 Shares.

The Series 15 Shares and Series 16 Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two Series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series 15 Shares and Series 16 Shares are identical in all material respects.

#### *Purchase for Cancellation*

Subject to the provisions described under “Restrictions on Payments and Reductions of Capital”, the Corporation may at any time or times purchase for cancellation all or any part of the Series 15 Shares at the lowest price or prices at which, in the opinion of the board of directors of the Corporation, such shares are obtainable.

#### *Rights on Liquidation*

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series 15 Shares shall be entitled to receive \$25.00 per Series 15 Share plus all accrued and unpaid dividends thereon before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series 15 Shares in any respect. After payment to the holders of the Series 15 Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property or assets of the Corporation.

#### *Restrictions on Payments and Reductions of Capital*

So long as any Series 15 Shares are outstanding, the Corporation shall not:

- (a) call for redemption, purchase, reduce or otherwise pay off less than all the Series 15 Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 15 Shares with respect to payment of dividends,
- (b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series 15 Shares) on the Common Shares or any other shares of the Corporation ranking junior to the Series 15 Shares with respect to payment of dividends, or
- (c) call for redemption, purchase, reduce or otherwise pay off any shares of the Corporation ranking junior to the Series 15 Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Series 15 Shares and on all other preferred shares then outstanding ranking prior to or on a parity with the Series 15 Shares with respect to payment of dividends shall have been declared and paid or set apart for payment at the date of any such action.

#### *Creation or Issue of Additional Shares*

So long as any Series 15 Shares are outstanding, the Corporation shall not, without the prior approval of the holders of the Series 15 Shares, create or issue any shares ranking prior to or on a parity with the Series 15 Shares with respect to repayment of capital or payment of dividends, provided that the Corporation may without such approval issue additional series of First Preferred Shares if all dividends then payable on the Series 15 Shares shall have been paid or set apart for payment.

#### *Voting Rights*

The holders of the Series 15 Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the holders of Series 15 Preferred Shares as a series) to voting rights or to receive notice of or to attend shareholders’ meetings unless dividends on the Series 15 Shares are in arrears to the extent of eight quarterly dividends, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of such dividends.

Until all such arrears of dividends have been paid, holders of Series 15 Shares will be entitled to receive notice of and to attend all shareholders' meetings at which directors are to be elected (other than separate meetings of holders of another class or series of shares) and to one vote in respect of each Series 15 Share held with respect to resolutions to elect directors.

#### *Tax Election*

The Series 15 Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Series 15 Shares. The terms of the Series 15 Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 15 Shares. See "Certain Canadian Federal Income Tax Considerations — Dividends".

#### *Modification*

The series provisions attaching to the Series 15 Shares may be amended with the written approval of all the holders of the Series 15 Shares outstanding or by at least two-thirds of the votes cast at a meeting of the holders of such shares duly called for that purpose.

#### *Business Day*

If any day on which any dividend on the Series 15 Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a business day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a business day. For the purposes hereof, "business day" shall mean a day on which banks are generally open for business in both Calgary, Alberta and Toronto, Ontario.

### **Certain Provisions of the Series 16 Shares**

#### *Issue Price*

The Series 16 Shares will be issuable only upon conversion of Series 15 Shares and will have an ascribed issue price of \$25.00 per share.

#### *Dividends on Series 16 Shares*

During each Quarterly Floating Rate Period, the holders of the Series 16 Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the board of directors of the Corporation, out of the moneys of the Corporation properly applicable to the payment of dividends, cumulative preferential cash dividends, payable on each Dividend Payment Date, in the amount per share determined by multiplying the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year.

On each Floating Rate Calculation Date, the Corporation shall determine the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series 16 Shares. The Corporation shall, on each Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series 16 Shares.

#### *Redemption of Series 16 Shares*

Subject to the provisions described under "Restrictions on Payments and Reductions of Capital", the Corporation may redeem all or any part of the Series 16 Shares by the payment of an amount in cash for each share to be redeemed equal to (i) \$25.00 in the case of a redemption on any Series 16 Conversion Date on or after May 31, 2027 or (ii) \$25.50 in the case of a redemption on any date after May 31, 2022 that is not a Series 16 Conversion Date, in each case plus all accrued and unpaid dividends thereon to but excluding the date fixed for redemption.

Notice of any redemption of Series 16 Shares will be given by the Corporation not more than 60 days and not less than 30 days prior to the date fixed for redemption. If less than all of the outstanding Series 16 Shares are at any time to be

redeemed, the shares so to be redeemed shall be selected by lot in such manner as the board of directors of the Corporation or the transfer agent, if any, appointed by the Corporation in respect of such shares shall decide, or, if the board of directors of the Corporation so decides, such shares may be redeemed pro rata (disregarding fractions).

From and after the date specified in a notice of redemption, the Series 16 Shares called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price is not made upon presentation of certificates in accordance with the provisions of the Series 16 Shares, in which case the rights of the holders shall remain unaffected.

#### *Conversion of Series 16 Shares into Series 15 Shares*

The Series 16 Shares shall not be convertible prior to May 31, 2027. Holders of Series 16 Shares shall have the right to convert on each Series 16 Conversion Date, subject to certain restrictions, all or any of their Series 16 Shares into Series 15 Shares on the basis of one Series 15 Share for each Series 16 Share. Notice of a holder's intention to convert Series 16 Shares must be received by the transfer agent and registrar for the Series 16 Shares at its principal office in Toronto or Calgary not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 16 Conversion Date. Once received by the transfer agent and registrar on behalf of the Corporation, the election of a holder to convert is irrevocable.

The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series 16 Conversion Date, give notice to the then registered holders of the Series 16 Shares of the conversion right. On the 30th day prior to each Series 16 Conversion Date, the Corporation shall give notice to the then registered holders of the Series 16 Shares of the Annual Fixed Dividend Rate for the Series 15 Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 16 Shares for the next succeeding Quarterly Floating Rate Period.

Holders of Series 16 Shares shall not be entitled to convert their shares into Series 15 Shares if the Corporation determines that there would remain outstanding on a Series 16 Conversion Date less than 1,000,000 Series 15 Shares, after having taken into account all Series 15 Shares tendered for conversion into Series 16 Shares and all Series 16 Shares tendered for conversion into Series 15 Shares. The Corporation shall give notice thereof to all affected registered holders of the Series 16 Shares at least seven days prior to the applicable Series 16 Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series 16 Conversion Date less than 1,000,000 Series 16 Shares, after having taken into account all Series 15 Shares tendered for conversion into Series 16 Shares and all Series 16 Shares tendered for conversion into Series 15 Shares, then all of the remaining outstanding Series 16 Shares shall be converted automatically into Series 15 Shares on the basis of one Series 15 Share for each Series 16 Share on the applicable Series 16 Conversion Date and the Corporation shall give notice thereof to the then registered holders of such remaining Series 16 Shares at least seven days prior to the Series 16 Conversion Date.

The Corporation reserves the right not to deliver Series 15 Shares to any person that the Corporation or its transfer agent has reason to believe is a person whose address is in, or that the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction.

If the Corporation gives notice to the holders of the Series 16 Shares of the redemption of all of the Series 16 Shares, the right of a holder of Series 16 Shares to convert such Series 16 Shares shall terminate and the Corporation shall not be required to give notice to the registered holders of the Series 16 Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or the conversion right of holders of Series 16 Shares.

The Series 15 Shares and Series 16 Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series 15 Shares and Series 16 Shares are identical in all material respects.

#### *Purchase for Cancellation*

Subject to the provisions described under "Restrictions on Payments and Reductions of Capital" and subject to such provisions of the CBCA as may be applicable, the Corporation may at any time or times purchase for cancellation all or any part of the Series 16 Shares at the lowest price or prices at which, in the opinion of the board of directors of the Corporation, such shares are obtainable.

### *Rights on Liquidation*

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series 16 Shares shall be entitled to receive \$25.00 per Series 16 Share plus all accrued and unpaid dividends thereon before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series 16 Shares in any respect. After payment to the holders of the Series 16 Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property, or assets of the Corporation.

### *Restrictions on Payments and Reductions of Capital*

So long as any Series 16 Shares are outstanding, the Corporation shall not:

- (a) call for redemption, purchase, reduce or otherwise pay off less than all the Series 16 Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 16 Shares with respect to payment of dividends,
- (b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series 16 Shares) on the Common Shares or any other shares of the Corporation ranking junior to the Series 16 Shares with respect to payment of dividends, or
- (c) call for redemption, purchase, reduce or otherwise pay off any shares of the Corporation ranking junior to the Series 16 Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Series 16 Shares and on all other preferred shares then outstanding ranking prior to or on a parity with the Series 16 Shares with respect to payment of dividends shall have been declared and paid or set apart for payment at the date of any such action.

### *Creation or Issue of Additional Shares*

So long as any Series 16 Shares are outstanding, the Corporation shall not, without the prior approval of the holders of the Series 16 Shares, create or issue any shares ranking prior to or on a parity with the Series 16 Shares with respect to repayment of capital or payment of dividends, provided that the Corporation may without such approval issue additional series of First Preferred Shares if all dividends then payable on the Series 16 Shares shall have been paid or set apart for payment.

### *Voting Rights*

The holders of the Series 16 Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the holders of Series 16 Preferred Shares as a series) to voting rights or to receive notice of or to attend shareholders' meetings unless dividends on the Series 16 Shares are in arrears to the extent of eight quarterly dividends, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of such dividends. Until all such arrears of dividends have been paid, holders of Series 16 Shares will be entitled to receive notice of and to attend all shareholders' meetings at which directors are to be elected (other than separate meetings of holders of another class or series of shares) and to one vote in respect of each Series 16 Share held with respect to resolutions to elect directors.

### *Tax Election*

The Series 16 Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Series 16 Shares. The terms of the Series 16 Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 16 Shares. See "Certain Canadian Federal Income Tax Considerations — Dividends".

### *Modification*

The series provisions attaching to the Series 16 Shares may be amended with the written approval of all the holders of the Series 16 Shares outstanding or by at least two-thirds of the votes cast at a meeting or adjourned meeting of the holders of such shares duly called for that purpose.

### *Business Day*

If any day on which any dividend on the Series 16 Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a business day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a business day. For the purposes hereof, “business day” shall mean a day on which banks are generally open for business in both Calgary, Alberta and Toronto, Ontario.

## **DEPOSITORY SERVICES**

The Series 15 Shares and Series 16 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 Series 15 Shares or Series 16 Shares to be delivered to, and registered in the name of, CDS or its nominee. All rights of holders of Series 15 Shares or Series 16 Shares must be exercised through, and all payments or other property to which such holder of Series 15 Shares or Series 16 Shares, as the case may be, is entitled, will be made or delivered by, CDS or the CDS Participant through which the holder of Series 15 Shares or Series 16 Shares holds such shares. Each person who acquires Series 15 Shares or Series 16 Shares will receive only a customer confirmation of purchase from the registered dealer from or through which the Series 15 Shares or Series 16 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 Series 15 Shares or Series 16 Shares.

The ability of a beneficial owner of Series 15 Shares or Series 16 Shares to pledge such shares or otherwise take action with respect to such owner’s interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Corporation has the option to terminate registration of the Series 15 Shares and Series 16 Shares through the book entry only system, in which event certificates for Series 15 Shares and Series 16 Shares in fully registered form will be issued to the beneficial owners of such shares or their nominees.

Neither the Corporation nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Series 15 Shares or Series 16 Shares held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Series 15 Shares or Series 16 Shares; or (c) any advice or representation made by or with respect to CDS and those contained in this prospectus supplement and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Series 15 Shares or Series 16 Shares must look solely to CDS Participants for payments made by or on behalf of the Corporation to CDS in respect of the Series 15 Shares or Series 16 Shares.

If (i) required by applicable law, (ii) the book entry only system ceases to exist, (iii) the Corporation determines that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Series 15 Shares or Series 16 Shares and the Corporation is unable to locate a qualified successor, or (iv) the Corporation, at its option, decides to terminate the book entry only system, then certificates representing the Series 15 Shares and Series 16 Shares, as applicable, will be made available.

## **EARNINGS COVERAGE RATIOS**

### **Period Ended December 31, 2015**

The following financial ratios have been calculated on a consolidated basis for the 12-month period ended December 31, 2015 and are based on audited and unaudited financial information. The following financial ratios give



*pro forma* effect to the issuance of the Series 15 Shares pursuant to this prospectus supplement and the intended use of proceeds therefrom as well as the issuance of and related use of proceeds of the following: U.S.\$400 million principal amount of 3.125% senior notes due 2019 (the “January 2016 3.125% Senior Notes”), U.S.\$850 million principal amount of 4.875% senior notes due 2026, on January 27, 2016 (the “January 2016 4.875% Senior Notes” and, collectively with the January 2016 3.125% Senior Notes, the “January 2016 Notes”), \$500 million aggregate principal amount of cumulative redeemable minimum rate reset first preferred shares, series 13 issued on April 20, 2016 (the “Series 13 Shares”), \$300 million principal amount of 3.69% medium term notes due 2023 (the “June 2016 3.69% Notes”), \$700 million principal amount of 4.35% medium term notes due 2046, on June 6, 2016 (the “June 2016 4.35% Notes” and, collectively with the June 2016 3.69% Notes, the “June 2016 Notes”), the drawdown of an aggregate principal amount of U.S.\$6.9 billion by TCPL and TransCanada Pipeline USA Ltd. under the Acquisition Credit Facilities and U.S.\$1.2 billion principal amount of 6.125% (reset quarterly starting August 11, 2026) subordinated notes due 2076 (the “2016 Sub Notes”) on August 15, 2016 (such adjustments, collectively the “Post-December 31, 2015 Adjustments”). Adjustments for other normal course issuances and repayments of long-term debt subsequent to December 31, 2015, would not materially affect the ratios and, as a result, have not been made. No adjustments have been made for the anticipated repayment of a portion of the Acquisition Credit Facilities using the net proceeds of the Common Share Offering (see “Recent Developments – Common Share Issuance”). A second set of financial ratios have been included that also give *pro forma* effect to the Acquisition on the same basis as in the unaudited *pro forma* condensed consolidated statement of income of the Corporation for the year ended December 31, 2015 included as Schedule D to the BAR.

	<b>Giving Pro Forma effect to the Acquisition</b>	
	<b>December 31, 2015</b>	<b>December 31, 2015</b>
Earnings coverage on long-term debt and current liabilities.....	0.1 times <sup>(1)</sup>	0.4 times <sup>(2)</sup>
Earnings coverage on long-term debt, current liabilities and First Preferred Shares.....	0.1 times <sup>(3)(4)</sup>	0.4 times <sup>(4)(5)</sup>
Earnings coverage on long-term debt, current liabilities and First Preferred Shares excluding non-cash impairment charges for Keystone XL and related projects.....	1.7 times <sup>(4)(6)(7)</sup>	1.8 times <sup>(4)(6)(8)</sup>

- (1) The dollar amount of the numerator for this earnings coverage ratio that would be required to achieve a ratio of one-to-one is \$2.129 billion. The Corporation’s interest requirements for the 12 months ended December 31, 2015 after giving *pro forma* effect to the Post-December 31, 2015 Adjustments amounted to approximately \$2.129 billion. The Corporation’s earnings before interest expense and income tax for the 12-month period ended December 31, 2015 were approximately \$0.247 billion, which is 0.1 times such *pro forma* interest requirements of the Corporation for the period.
- (2) The dollar amount of the numerator for this earnings coverage ratio that would be required to achieve a ratio of one-to-one is \$2.282 billion. The Corporation’s interest requirements for the 12 months ended December 31, 2015 after giving *pro forma* effect to the Post-December 31, 2015 Adjustments and the Acquisition amounted to approximately \$2.282 billion. The Corporation’s earnings before interest expense and income tax for the 12-month period ended December 31, 2015 after giving *pro forma* effect to the Acquisition were approximately \$0.895 billion, which is 0.4 times such *pro forma* interest requirements of the Corporation for the period.
- (3) The dollar amount of the numerator for this earnings coverage ratio that would be required to achieve a ratio of one-to-one is \$2.377 billion. The Corporation’s interest and First Preferred Share dividend requirements for the 12 months ended December 31, 2015 after giving *pro forma* effect to the Post-December 31, 2015 Adjustments amounted to approximately \$2.377 billion. The Corporation’s earnings before interest expense and income tax for the 12-month period ended December 31, 2015 were approximately \$0.247 billion, which is 0.1 times such *pro forma* interest and First Preferred Share dividend requirements of the Corporation for the period.
- (4) Gives effect to the dividends declared on the Corporation’s outstanding Series 1 Shares, Series 2 Shares, Series 3 Shares, Series 4 Shares, Series 5 Shares, Series 6 Shares, Series 7 Shares, Series 9 Shares and Series 11 Shares and *pro forma* effect to the dividends that would have been payable on the Series 13 Shares and the Series 15 Shares issuable pursuant to this prospectus supplement and the intended use of proceeds therefrom, as if such Series 13 Shares and the Series 15 Shares had been outstanding during this period, in each case adjusted to a before tax equivalent using an effective income tax rate of 32.13%, the whole of which dividends amounted to approximately \$245.856 million for the 12-months ended December 31, 2015.
- (5) The dollar amount of the numerator for this earnings coverage ratio that would be required to achieve a ratio of one-to-one is \$2.530 billion. The Corporation’s interest and First Preferred Share dividend requirements for the 12 months ended December 31, 2015 after giving *pro forma* effect to the Post-December 31, 2015 Adjustments and the Acquisition amounted to approximately \$2.530 billion. The Corporation’s earnings before interest expense and income tax for the 12-month period ended December 31, 2015 after giving *pro forma* effect to the Acquisition were approximately \$0.895 billion, which is 0.4 times such *pro forma* interest and First Preferred Share dividend requirements of the Corporation for the period.
- (6) Excludes the non-cash impairment charges for Keystone XL and related projects of \$3.686 billion (pre tax).
- (7) The Corporation’s interest and First Preferred Share dividend requirements for the 12 months ended December 31, 2015 after giving *pro forma* effect to the Post-December 31, 2015 Adjustments amounted to approximately \$2.377 billion. The Corporation’s earnings before interest expense and income tax for the 12-month period ended December 31, 2015, excluding the non-cash impairment charges for Keystone XL and related projects, were approximately \$3.933 billion, which is 1.7 times such *pro forma* interest and First Preferred Share dividend requirements of the Corporation for the period.

- (8) The Corporation's interest and First Preferred Share dividend requirements for the 12 months ended December 31, 2015 after giving *pro forma* effect to the Post-December 31, 2015 Adjustments and the Acquisition amounted to approximately \$2.530 billion. The Corporation's earnings before interest expense and income tax for the 12-month period ended December 31, 2015, after giving *pro forma* effect to the Acquisition and excluding the non-cash impairment charges for Keystone XL and related projects, were approximately \$4.581 billion, which is 1.8 times such *pro forma* interest and First Preferred Share dividend requirements of the Corporation for the period.

### Period ended March 31, 2016

The following financial ratios have been calculated on a consolidated basis for the 3-month period ended March 31, 2016 and are based on unaudited financial information. The following financial ratios give *pro forma* effect to the issuance of the Series 15 Shares pursuant to this prospectus supplement and the intended use of proceeds therefrom as well as the issuance and related use of proceeds of the Series 13 Shares, the June 2016 Notes, the drawdown of an aggregate principal amount of U.S.\$6.9 billion by TCPL and TransCanada Pipeline USA Ltd. under the Acquisition Credit Facilities and the 2016 Sub Notes (such adjustments, collectively the "Post-March 31, 2016 Adjustments"). Adjustments for other normal course issuances and repayments of long-term debt subsequent to March 31, 2016, would not materially affect the ratios and, as a result, have not been made. No adjustments have been made for the anticipated repayment of a portion of the Acquisition Credit Facilities using the net proceeds of the Common Share Offering (see "Recent Developments – Common Share Issuance"). A second set of financial ratios have been included that also give *pro forma* effect to the Acquisition on the same basis as in the unaudited *pro forma* condensed consolidated statement of income of the Corporation for the three months ended March 31, 2016 included as Schedule D to the BAR.

	<u>March 31, 2016</u>	<u>Giving Pro Forma effect to the Acquisition March 31, 2016</u>
Earnings coverage on long-term debt and current liabilities.....	1.5 times <sup>(1)</sup>	1.7 times <sup>(2)</sup>
Earnings coverage on long-term debt, current liabilities and First Preferred Shares.....	1.4 times <sup>(3)(4)</sup>	1.6 times <sup>(4)(5)</sup>

- (1) The Corporation's interest requirements for the 3 months ended March 31, 2016 after giving *pro forma* effect to the Post-March 31, 2016 Adjustments amounted to approximately \$0.507 billion. The Corporation's earnings before interest expense and income tax for the 3-month period ended March 31, 2016 were approximately \$0.757 billion, which is 1.5 times such *pro forma* interest requirements of the Corporation for the period.
- (2) The Corporation's interest requirements for the 3 months ended March 31, 2016 after giving *pro forma* effect to the Post-March 31, 2016 Adjustments and the Acquisition amounted to approximately \$0.543 billion. The Corporation's earnings before interest expense and income tax for the 3-month period ended March 31, 2016 after giving *pro forma* effect to the Acquisition were approximately \$0.948 billion, which is 1.7 times such *pro forma* interest requirements of the Corporation for the period.
- (3) The Corporation's interest and First Preferred Share dividend requirements for the 3 months ended March 31, 2016 after giving *pro forma* effect to the Post-March 31, 2016 Adjustments amounted to approximately \$0.557 billion. The Corporation's earnings before interest expense and income tax for the 3-month period ended March 31, 2016 were approximately \$0.757 billion, which is 1.4 times such *pro forma* interest and First Preferred Share dividend requirements of the Corporation for the period.
- (4) Gives effect to the dividends declared on the Corporation's outstanding Series 1 Shares, Series 2 Shares, Series 3 Shares, Series 4 Shares, Series 5 Shares, Series 6 Shares, Series 7 Shares, Series 9 Shares and Series 11 Shares and *pro forma* effect to the dividends that would have been payable on the Series 13 Shares and the Series 15 Shares issuable pursuant to this prospectus supplement and the intended use of proceeds therefrom, as if such Series 13 Shares and the Series 15 Shares had been outstanding during this period, in each case adjusted to a before tax equivalent using an effective income tax rate of 20.35%, the whole of which dividends amounted to approximately \$50.001 million for the 3-months ended March 31, 2016.
- (5) The Corporation's interest and First Preferred Share dividend requirements for the 3 months ended March 31, 2016 after giving *pro forma* effect to the Post-March 31, 2016 Adjustments and the Acquisition amounted to approximately \$0.595 billion. The Corporation's earnings before interest expense and income tax for the 3-month period ended March 31, 2016, were approximately \$0.948 billion, which is 1.6 times such *pro forma* interest and First Preferred Share dividend requirements of the Corporation for the period.

### Period ended September 30, 2016

The following financial ratios have been calculated on a consolidated basis for the 12-month period ended September 30, 2016 and are based on unaudited financial information. The following financial ratios give *pro forma* effect to the issuance of the Series 15 Shares pursuant to this prospectus supplement and the intended use of proceeds therefrom. Adjustments for other normal course issuances and repayments of long-term debt subsequent to September 30, 2016, would not materially affect the ratios and, as a result, have not been made. No adjustments have been made for the anticipated repayment of a portion of the Acquisition Credit Facilities using the net proceeds of the Common Share Offering (see "Recent Developments – Common Share Issuance").

September 30, 2016

Earnings coverage on long-term debt and current liabilities.....	(0.3) times <sup>(1)</sup>
Earnings coverage on long-term debt, current liabilities and First Preferred Shares.....	(0.3) times <sup>(2)(3)</sup>
Earnings coverage on long-term debt, current liabilities and First Preferred Shares excluding non-cash impairment charges for Ravenswood goodwill and Keystone XL and related projects .....	1.7 times <sup>(3)(4)(5)</sup>

- (1) The dollar amount of the numerator for this earnings coverage ratio that would be required to achieve a ratio of one-to-one is \$2.195 billion. The Corporation's interest requirements for the 12 months ended September 30, 2016 amounted to approximately \$2.195 billion. The Corporation's earnings before interest expense and income tax for the 12-month period ended September 30, 2016 were approximately \$(0.734) billion, which is (0.3) times the Corporation's aggregate interest requirements for the period.
- (2) The dollar amount of the numerator for this earnings coverage ratio that would be required to achieve a ratio of one-to-one is \$2.415 billion. The Corporation's interest and First Preferred Share dividend requirements for the 12 months ended September 30, 2016 after giving *pro forma* effect to the issuance of the Series 15 Shares pursuant to this prospectus supplement and the intended use of proceeds therefrom amounted to approximately \$2.415 billion. The Corporation's earnings before interest expense and income tax for the 12-month period ended March 31, 2016 were approximately \$(0.734) billion, which is (0.3) times such *pro forma* interest and First Preferred Share dividend requirements of the Corporation for the period.
- (3) Gives effect to the dividends declared on the Corporation's outstanding Series 1 Shares, Series 2 Shares, Series 3 Shares, Series 4 Shares, Series 5 Shares, Series 6 Shares, Series 7 Shares, Series 9 Shares, Series 11 Shares and Series 13 Shares and *pro forma* effect to the dividends that would have been payable on the Series 15 Shares issuable pursuant to this prospectus supplement and the intended use of proceeds therefrom, as if such Series 15 Shares had been outstanding during this period, in each case adjusted to a before tax equivalent using an effective income tax rate of 27.61%, the whole of which dividends amounted to approximately \$220.078 million for the 12-months ended September 30, 2016
- (4) Excludes the non-cash impairment charges for Ravenswood goodwill, Keystone XL and related projects of \$4.771 billion (pre tax).
- (5) The Corporation's interest and First Preferred Share dividend requirements for the 12 months ended September 30, 2016 after giving *pro forma* effect to the issuance of the Series 15 Shares pursuant to this prospectus supplement and the intended use of proceeds therefrom amounted to approximately \$2.415 billion. The Corporation's earnings before interest expense and income tax for the 12-month period ended September 30, 2016, excluding the non-cash impairment charges for Ravenswood goodwill, Keystone XL and related projects, were approximately \$4.037 billion, which is 1.7 times such *pro forma* interest and First Preferred Share dividend requirements of the Corporation for the period.

### CREDIT RATINGS

The Series 15 Shares have been rated Pfd-2 (low), Under Review – Developing Implications by DBRS Limited (“DBRS”) and P-2 by Standard & Poor’s (“S&P”) (DBRS and S&P are each a “Rating Agency” and together the “Rating Agencies”). Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. The Rating Agencies’ ratings for preferred shares range from a high of Pfd-1 to a low of D for DBRS and from a high of P-1 to a low of D for S&P.

According to the DBRS rating system, securities rated Pfd-2 are of satisfactory credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet, and coverage ratios are not as strong as Pfd-1 rated companies. Each rating category is denoted by the subcategories “high” and “low”. Generally, Pfd-2 ratings correspond with companies whose senior bonds are rated in the A category. The absence of either a “high” or “low” designation indicates the rating is in the middle of the category. The Pfd-2 (low) rating that has been assigned to the Series 15 Shares is the second highest of six categories for preferred shares. According to DBRS, the rating action “Under Review – Developing Implications” means that the Corporation’s credit ratings are under review by DBRS due to the uncertainty of the impact on the Corporation’s credit ratings of the completion of the sale of our U.S. Northeast power assets in connection with the financing of the Acquisition.

According to the S&P rating system, securities rated P-2 exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. The ratings from P-1 to P-5 may be modified by “high” and “low” grades which indicate relative standing within the major rating categories. The P-2 rating that has been assigned to the Series 15 Shares is the second highest of eight categories for preferred shares.

The credit ratings accorded to the Series 15 Shares by the Rating Agencies are not recommendations to purchase, hold or sell such shares inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a Rating Agency in the future if, in its judgment, circumstances so warrant. The lowering of any rating of the Series 15 Shares may negatively affect the quoted market price, if any, or value of such shares.

The Corporation paid fees to each of the Rating Agencies for the credit ratings rendered on the Series 15 Shares. The Corporation has also paid fees to each of the Rating Agencies for credit ratings provided on other outstanding classes of

securities of the Corporation. Additional information relating to such other ratings is included under the heading “Credit Ratings” in the Annual Information Form. Other than those payments made in respect of credit ratings, no additional payments have been made to any of the Rating Agencies for any other services provided to the Corporation during the past two years.

## PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the “Underwriting Agreement”) dated November 14, 2016 between the Corporation and the Underwriters, the Corporation has agreed to sell an aggregate of 40,000,000 Series 15 Shares to the Underwriters, and the Underwriters have severally (and not jointly or jointly and severally) agreed to purchase from the Corporation, as principals, such Series 15 Shares at a price of \$25.00 per Series 15 Share payable in cash against delivery on the Offering Closing Date. The Underwriting Agreement provides that, in consideration of the services of the Underwriters in connection with the Offering, the Corporation will pay the Underwriters a fee of \$0.25 per Series 15 Share issued and sold by the Corporation to certain institutions by closing of the Offering, and \$0.75 per Series 15 Share for all other Series 15 Shares issued and sold by the Corporation as part of the Offering, for an aggregate fee payable by the Corporation of \$30,000,000, assuming that no Series 15 Shares are sold to such institutions. The Underwriters’ fee is payable on the Offering Closing Date.

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. Such events include, but are not limited to: (a) there shall occur any change in the business, affairs, operations, assets, liabilities, earnings, capital or ownership or condition of the Corporation on a consolidated basis resulting in a misrepresentation in this prospectus supplement, the prospectus and the documents incorporated by reference therein, (b) as a result of investigations after the date hereof, the Underwriters (or any one of them) determine that there exists any fact or circumstance which existed prior to the date hereof and had not been disclosed prior to the date hereof, which in their sole opinion, acting reasonably, would be expected to have a material adverse effect on the market price or value of the Series 15 Shares; and (c) if there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence, or any law or regulation, which in the reasonable opinion of the Underwriters may materially adversely affect or involve the financial markets or the business, operations or affairs of the Corporation and its subsidiaries, taken as a whole or is expected to prevent, suspend or materially restrict the trading in the Series 15 Shares.

If an Underwriter fails to purchase the Series 15 Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Series 15 Shares, provided that, if the aggregate number of Series 15 Shares not purchased is less than or equal to 10% of the aggregate number of Series 15 Shares agreed to be purchased by the Underwriters, then each of the other Underwriters is obligated to purchase severally the Series 15 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 Series 15 Shares if any Series 15 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.

The Underwriters propose to offer the Series 15 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 Series 15 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 \$25.00. In the event the offering price of the Series 15 Shares is reduced, the compensation received by the Underwriters will be decreased by the amount by which the aggregate price paid by the purchasers for the Series 15 Shares is less than the gross proceeds paid by the Underwriters to the Corporation for the Series 15 Shares. Any such reduction will not affect the proceeds received by the Corporation.

Subscriptions for Series 15 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 to list the Series 15 Shares and Series 16 Shares. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSX. There can be no assurance that the Series 15 Shares and the Series 16 Shares will be accepted for listing on the TSX.

The Corporation has agreed that, subject to certain exceptions, it shall not issue or agree to issue any First Preferred Shares or other securities convertible into, or exchangeable for, First Preferred Shares prior to 60 days after the Offering

Closing Date without the prior consent of Scotia Capital Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc. and TD Securities Inc., on behalf of the Underwriters, which consent shall not be unreasonably withheld. This 60 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 Series 15 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 Series 15 Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada, 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 Series 15 Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

#### **RELATIONSHIP BETWEEN THE CORPORATION AND CERTAIN OF THE UNDERWRITERS**

Certain of the Underwriters and their respective affiliates have, from time to time, performed, and in the future may perform, commercial and investment banking and advisory services for us for which they have received or will receive customary fees and expenses. The Underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business.

Each of Scotia Capital Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., National Bank Financial Inc. and HSBC Securities (Canada) Inc. is, directly or indirectly, a subsidiary of certain lenders (the “Lenders”) which have extended credit facilities (collectively, the “Facilities”) to the Corporation or its affiliates. Accordingly, the Corporation may be considered to be a “connected issuer” of such Underwriters under applicable securities legislation. The Facilities consist of the following committed unsecured syndicated facilities: the Acquisition Credit Facilities; our TCPL \$3.0 billion amended and restated credit agreement; a TCPL U.S.\$1.0 billion credit agreement; a TransCanada PipeLine USA Ltd. U.S.\$1.5 billion credit agreement; a TransCanada American Investments Ltd. and TransCanada Power Marketing Ltd., as co-borrowers, U.S.\$1.5 billion credit agreement; Trans Québec & Maritimes Pipeline Inc. \$135 million revolving amended and restated credit agreement; a TC PipeLines, LP (“TCPLP”) U.S.\$500 million first amendment to a second amended and restated revolving credit and term loan agreement; and a TCPLP U.S.\$500 million term loan agreement, and certain other unsecured demand bank facilities with aggregate commitments of approximately \$1.7 billion. As of November 11, 2016 the Corporation had approximately \$12.1 billion outstanding under the Facilities.

As of the date hereof, the Corporation and its affiliates are 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 or its affiliates of those agreements since the Facilities were established. The financial position of the Corporation has not 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 Series 15 Shares and none have been or will be involved in the determination of the terms of any distribution of Series 15 Shares. Proceeds from the sale of Series 15 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 or may be invested in short-term deposits or securities, including of or with the Underwriters or their affiliates. See “Use of Proceeds”.

#### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Norton Rose Fulbright Canada LLP, counsel to the Underwriters, the following summary, as of the date hereof, describes the principal Canadian federal income tax considerations generally applicable under the provisions of the Tax Act to a prospective purchaser of Series 15 Shares pursuant to this prospectus supplement who, at all relevant times, for the purposes of the Tax Act, is (or is deemed to be) resident in Canada, holds the Series 15 Shares and will hold the Series 16 Shares, as applicable, as capital property, and deals at arm’s length with the Corporation and the Underwriters and is not affiliated with the Corporation or the Underwriters (a “Holder”). Generally, the Series 15 Shares or Series 16 Shares will be considered to be capital property to a Holder provided the Holder does not hold the shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Holders who might not otherwise be considered to hold their Series 15 Shares or Series 16 Shares as capital property may, in certain circumstances, be entitled to have such shares and all other “Canadian securities” (as defined in the Tax Act) owned by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Holders who do

not hold their Series 15 Shares or will not hold their Series 16 Shares, as applicable, as capital property should consult their own tax advisors with respect to their own particular circumstances.

This summary is not applicable to a Holder: (i) that is a “financial institution” for purposes of certain rules in the Tax Act (referred to as the mark-to-market rules applicable to securities held by financial institutions), (ii) an interest in which is a “tax shelter investment”, (iii) that is a “specified financial institution”, (iv) that reports its “Canadian tax results” in a currency other than the Canadian currency, or (v) that has entered, or will enter, into a “derivative forward agreement” with respect to the Series 15 Shares or Series 16 Shares, each as defined in the Tax Act. Such Holders should consult their own tax advisors.

This summary is based upon the current provisions of the Tax Act in force as of the date hereof and counsel’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency published in writing and publicly available prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Proposed Amendments”) and assumes the Proposed Amendments will be enacted in the form proposed. No assurance can be given that the Proposed Amendments will be enacted in the form proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action or changes in the administrative policies or assessing practices of the Canada Revenue Agency, nor does it take into account other federal or any provincial, territorial or foreign tax considerations, which may differ materially from those described in this summary.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, Holders are urged to consult their own legal and tax advisors with respect to the tax consequences to them of acquiring the Series 15 Shares or Series 16 Shares, having regard to their particular circumstances.**

#### *Dividends*

Dividends received or deemed to be received on the Series 15 Shares or Series 16 Shares, as the case may be, held by a Holder will be included in computing the Holder’s income for the purposes of the Tax Act. Such dividends received by a Holder who is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Corporation as eligible dividends in accordance with the provisions of the Tax Act. By notice in writing on the Corporation’s website, the Corporation has advised its shareholders that all dividends paid by the Corporation will be “eligible dividends” unless the Corporation otherwise notifies its shareholders.

Taxable dividends received by a Holder who is an individual (other than certain trusts) may result in such Holder being liable for alternative minimum tax under the Tax Act. Holders who are individuals should consult their own tax advisors in this regard.

A Holder that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Holder that is a corporation a gain from the disposition of capital property or proceeds of a disposition. Holders that are corporations are urged to consult their own tax advisors having regard to their particular circumstances.

A Holder that is a “private corporation” or “subject corporation” (as such terms are defined in the Tax Act) may be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Series 15 Shares or Series 16 Shares, as the case may be, to the extent such dividends are deductible in computing the Holder’s taxable income. A Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on its “aggregate investment income”, which is defined in the Tax Act to include dividends received or deemed to be received that are not deductible in computing income for a year.

The Series 15 Shares and the Series 16 Shares will be “taxable preferred shares” as defined in the Tax Act. The terms of the Series 15 Shares and the Series 16 Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 15 Shares or the Series 16 Shares.

### *Dispositions*

A Holder who disposes of or is deemed to dispose of Series 15 Shares or Series 16 Shares (on the redemption of such shares or otherwise but not including on a conversion of Series 15 Shares into Series 16 Shares, a conversion of Series 16 Shares into Series 15 Shares, a tax-deferred transaction or a disposition to the Corporation that is not a sale in the open market in the manner in which shares would normally be purchased by any member of the public in the open market) will generally realize a capital gain (or a capital loss) to the extent that the Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the Holder. The amount of any deemed dividend arising on the redemption, acquisition or cancellation by the Corporation of Series 15 Shares or Series 16 Shares, as the case may be, will generally not be included in computing the Holder's proceeds of disposition for purposes of computing the capital gain (or capital loss) arising on the disposition of such Series 15 Shares or Series 16 Shares, as the case may be. See “— Redemption” below.

Generally, one-half of any capital gain (a “taxable capital gain”) realized by a Holder in a taxation year must be included in the Holder's income for the year. One-half of any capital loss (an “allowable capital loss”) realized by a Holder in a taxation year must be deducted from taxable capital gains realized by the Holder in the year of disposition. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Holder that is a corporation on the disposition of a Series 15 Share or Series 16 Share, as the case may be, may be reduced by the amount of dividends received or deemed to be received by it on the Series 15 Share or Series 16 Share (or on a share for which the share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Series 15 Shares or Series 16 Shares.

A Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on its “aggregate investment income”, which is defined in the Tax Act to include taxable capital gains.

Capital gains realized by a Holder who is an individual (other than certain trusts) may result in such Holder being liable for alternative minimum tax under the Tax Act. Holders who are individuals should consult their own tax advisors in this regard.

### *Redemption*

If the Corporation redeems Series 15 Shares or Series 16 Shares or otherwise acquires or cancels Series 15 Shares or Series 16 Shares (other than by a purchase by the Corporation of the shares in the open market in the manner in which shares are normally purchased by any member of the public in the open market), the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Corporation in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See “— Dispositions” above. In the case of a Holder that is a corporation, it is possible that in certain circumstances all or part of any such deemed dividend may be treated as proceeds of disposition and not as a dividend.

### *Conversion*

The conversion of Series 15 Shares into Series 16 Shares and the conversion of Series 16 Shares into Series 15 Shares will not constitute a disposition of property for purposes of the Tax Act and, accordingly, will not give rise to a capital gain or capital loss. The cost to a Holder of the Series 16 Shares or Series 15 Shares, as the case may be, received on the conversion will, subject to the cost averaging rules contained in the Tax Act for identical properties, be deemed to be equal to the Holder's adjusted cost base of the converted Series 15 Shares or Series 16 Shares, as the case may be, immediately before the conversion.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Norton Rose Fulbright Canada LLP, counsel to the Underwriters, subject to the provisions of any particular plan, the Series 15 Shares offered

hereby, if issued on the date hereof, generally would be qualified investments as of the date hereof under the Tax Act and the regulations thereto for a trust governed by a registered retirement savings plan (“RRSP”), a registered retirement income fund (“RRIF”), a registered education savings plan, a registered disability savings plan, a deferred profit sharing plan, or a tax free savings account (“TFSA”).

Notwithstanding that the Series 15 Shares may be qualified investments for a trust governed by an RRSP, RRIF or a TFSA, the annuitant under an RRSP or RRIF or the holder of a TFSA may be subject to a penalty tax if such Series 15 Shares are “prohibited investments” for the RRSP, RRIF or TFSA within the meaning of the Tax Act. The Series 15 Shares will generally not be a “prohibited investment” provided that the annuitant under the RRSP or RRIF or the holder of the TFSA, as the case may be, deals at arm’s length with the Corporation for purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act) in the Corporation.

Prospective investors who intend to hold Series 15 Shares or Series 16 Shares in their TFSA, RRSP or RRIF are urged to consult their own tax advisors regarding their particular circumstances.

## **RISK FACTORS**

An investment in the Series 15 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 therein, prospective purchasers of Series 15 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”.

### **Market for Securities**

There is currently no market through which the Series 15 Shares may be sold and purchasers of Series 15 Shares may not be able to resell the Series 15 Shares purchased under this prospectus supplement. The price offered to the public for the Series 15 Shares and the number of Series 15 Shares to be issued have been determined by negotiations among the Corporation and the Underwriters. The price paid for each Series 15 Share may bear no relationship to the price at which the Series 15 Shares will trade in the public market subsequent to this Offering. The Corporation cannot predict at what price the Series 15 Shares will trade and there can be no assurance that an active trading market will develop for the Series 15 Shares or, if developed, that such market will be sustained. The Corporation has applied to list and post for trading the Series 15 Shares and Series 16 Shares on the TSX. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSX. There can be no assurance that the Series 15 Shares and Series 16 Shares will be accepted for listing on the TSX.

### **Market Price**

The market price of the Series 15 Shares and Series 16 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 Series 15 Shares and Series 16 Shares in the marketplace, failure to meet analysts’ expectations, any public announcements made in regard to this Offering, the impact of various tax laws or rates and general market conditions or the worldwide economy. In recent years, stock markets have experienced significant price fluctuations, which have been unrelated to the operating performance of the affected companies. There can be no assurance that the market price of the Series 15 Shares and Series 16 Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Corporation’s performance.

Prevailing yields on similar securities will affect the market value of the Series 15 Shares and Series 16 Shares. Assuming all other factors remain unchanged, the market value of the Series 15 Shares and Series 16 Shares would be expected to decline as prevailing yields for similar securities rise and would be expected to increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Series 15 Shares and Series 16 Shares in an analogous manner.

### **Dividends**

The Corporation’s payment of dividends on the Series 15 Shares and Series 16 Shares will be 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, and of the Corporation to declare and pay dividends, 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 the Series 15 Shares and Series 16 Shares.



All of our business activities are conducted by our direct and indirect wholly-owned subsidiaries or affiliates. The Series 15 Shares and Series 16 Shares will be obligations exclusively of TransCanada Corporation. Our subsidiaries will not guarantee the payment of dividends on the Series 15 Shares or Series 16 Shares. The Series 15 Shares and Series 16 Shares will, therefore, be effectively subordinated to all existing and future obligations of our subsidiaries as a result of the Corporation being a holding company.

Investments in the Series 16 Shares, given their floating interest component, entail risks not associated with investments in the Series 15 Shares. The resetting of the applicable rate on a Series 16 Share may result in a lower yield compared to fixed rate Series 15 Shares. The applicable rate on a Series 16 Share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which the Corporation has no control. See “Details of the Offering — Certain Provisions of the Series 16 Shares — Dividends on Series 16 Shares”.

### **Declaration and Payment of Dividends**

Holders of Series 15 Shares and Series 16 Shares do not have a right to dividends on such shares unless declared by the board of directors of the Corporation. The declaration of dividends is in the discretion of the board of directors even if the Corporation has sufficient funds, net of its liabilities, to pay such dividends.

The Corporation may not declare or pay a dividend if there are reasonable grounds for believing that (i) the Corporation is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of the Corporation’s assets would thereby be less than the aggregate of its liabilities and stated capital of its outstanding shares. Liabilities of the Corporation will include those arising in the course of its business, indebtedness, including inter-company debt, and amounts, if any, that are owing by the Corporation under guarantees in respect of which a demand for payment has been made. See “Consolidated Capitalization”.

### **Credit Ratings**

The credit ratings applied to the Series 15 Shares are an assessment, by the Rating Agencies, of the Corporation’s ability to pay its obligations. The credit ratings are based on certain assumptions about the future performance and capital structure of the Corporation that may or may not reflect the actual performance or capital structure of the Corporation. Changes in credit ratings of the Series 15 Shares may affect the market price or value and the liquidity of the Series 15 Shares. There is no assurance that any credit rating assigned to the Series 15 Shares will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. See “Credit Ratings”.

### **Insolvency or Winding-Up**

The Series 15 Shares and Series 16 Shares are equity capital of the Corporation which rank equally with other First Preferred Shares, if any, in the event of an insolvency or winding-up of the Corporation. If the Corporation becomes insolvent or is wound up, the Corporation’s assets must be used to pay liabilities and other debt before payments may be made on the Series 15 Shares, Series 16 Shares and other First Preferred Shares, if any.

### **Automatic Conversion**

An investment in the Series 15 Shares may become an investment in Series 16 Shares without the consent of the holder in the event of an automatic conversion of the Series 15 Shares into Series 16 Shares. Upon such automatic conversion, the dividend rate on the Series 16 Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time while, upon the automatic conversion of the Series 16 Shares into Series 15 Shares, the dividend rate on the Series 15 Shares will be, for each five-year period, a fixed rate that is determined by reference to the Government of Canada Yield on the 30th day prior to the first day of each such five-year period. In addition, holders may be prevented from converting their Series 15 Shares into Series 16 Shares in certain circumstances. See “Details of the Offering”.

### **No Fixed Maturity**

Neither the Series 15 Shares nor the Series 16 Shares have a fixed maturity date and are not redeemable at the option of the holders of Series 15 Shares or the Series 16 Shares, as applicable. The ability of a holder to liquidate its holdings of Series 15 Shares and the Series 16 Shares, as applicable, may be limited.

## **Redeemable**

The Corporation may choose to redeem the Series 15 Shares and/or Series 16 Shares from time to time, in accordance with its rights described under “Details of the Offering — Certain Provisions of the Series 15 Shares — Redemption of Series 15 Shares” and “Details of the Offering — Certain Provisions of the Series 16 Shares — Redemption of Series 16 Shares”, including when prevailing interest rates are lower than the yields borne by the Series 15 Shares and Series 16 Shares. If prevailing rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yield on the Series 15 Shares or Series 16 Shares being redeemed. The Corporation’s redemption right may also adversely impact a purchaser’s ability to sell Series 15 and Series 16 Shares.

## **LEGAL MATTERS**

Certain legal matters relating to Canadian law in connection with the Series 15 Shares offered hereby will be passed upon on behalf of the Corporation by Blake, Cassels & Graydon LLP, and on behalf of the Underwriters by Norton Rose Fulbright Canada LLP.

## **INTERESTS OF EXPERTS**

As at the date of this prospectus supplement, the partners and associates of Blake, Cassels & Graydon LLP, as a group, and the partners and associates of Norton Rose Fulbright Canada 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, 2015, KPMG LLP confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

Deloitte & Touche LLP, an independent registered public accounting firm, is independent with respect to Columbia within the meaning of the United States Securities Act of 1933, as amended and the applicable rules and regulations thereunder adopted by the U.S. Securities and Exchange Commission and the Public Company Accounting Oversight Board (United States).

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

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

The transfer agent and registrar for the Series 15 Shares and Series 16 Shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta, and Toronto, Ontario.

## **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal advisor.

**CERTIFICATE OF THE UNDERWRITERS**

Dated: November 14, 2016

To the best of our knowledge, information and belief, the short form prospectus together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada.

**SCOTIA CAPITAL INC.**

By: (Signed) "DAVID BABONEAU"

**BMO NESBITT BURNS  
INC.**

By: (Signed) "AARON M.  
ENGEN"

**CIBC WORLD MARKETS  
INC.**

By: (Signed) "KELSEN  
VALLEE"

**RBC DOMINION  
SECURITIES INC.**

By: (Signed) "TREVOR  
GARDNER"

**TD SECURITIES INC.**

By: (Signed) "HAROLD R.  
HOLLOWAY"

**NATIONAL BANK FINANCIAL INC.**

By: (Signed) "IAIN WATSON"

**HSBC SECURITIES (CANADA) INC.**

By: (Signed) "GREG GANNETT"

**GMP SECURITIES L.P.**

By: (Signed) "ERIK B. BAKKE"

**PETERS & CO. LIMITED**

By: (Signed) "CAMERON E. PLEWES"