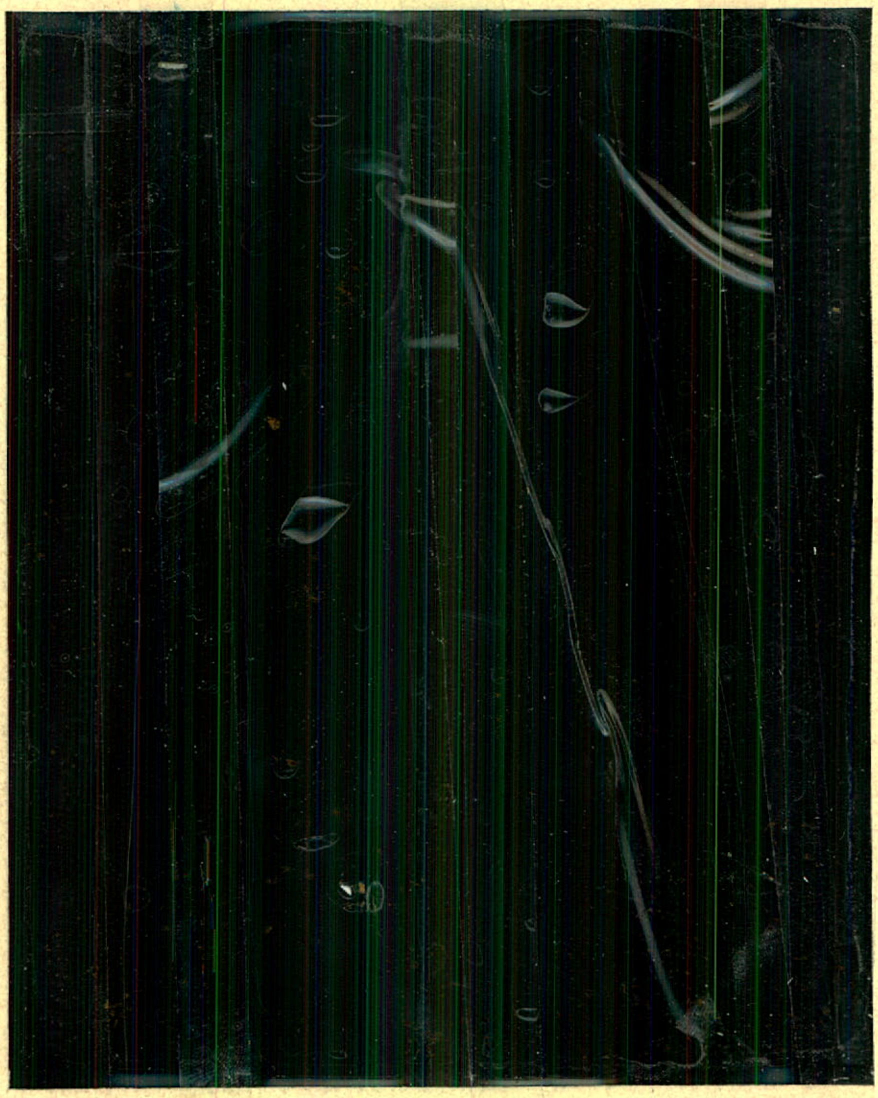
1992 ANNUAL REPORT

TRANSCANADA PIPELINES LIMITED

Contents



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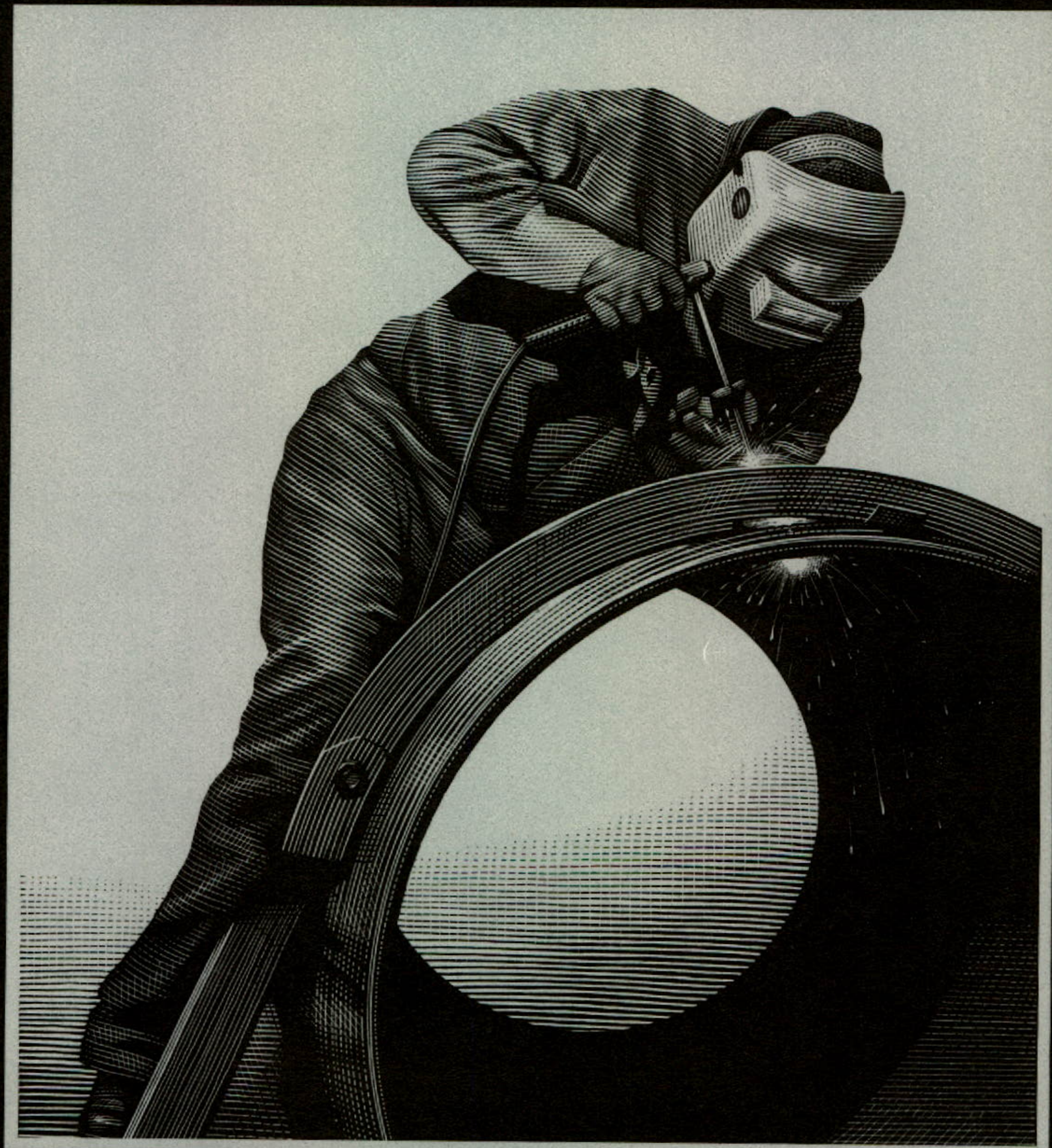


TRANSCANADA PIPELINES LIMITED

1992 ANNUAL REPORT

Corporate Profile

TransCanada PipeLines, a Canadian-based public company, is one of North America's leading transporters and marketers of natural gas with assets in excess of $8 billion. The Company's principal business, natural gas transmission, consists of a network of interprovincial and interstate pipelines supplied mainly by natural gas from the Western Canadian Sedimentary Basin. TransCanada operates significant complementary businesses in natural gas marketing, gas-fueled electric power generation, gas liquids extraction and carbon black manufacturing.

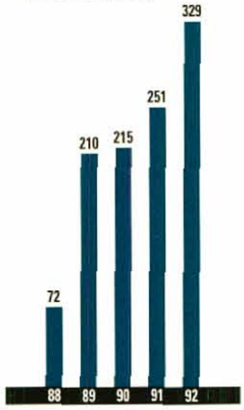
Annual Meeting

The 1993 Annual Meeting of Shareholders is scheduled
for Friday April 23, 1993 at 10:30 a.m.
in the Hôtel Le Quatre Saisons, Montréal, Québec.

Highlights

Income
From Continuing Operations

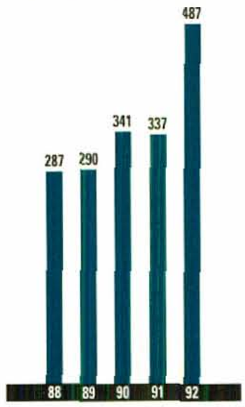
*(millions of dollars)**



* *All funds in this report are in Canadian dollar amounts unless otherwise stated.*

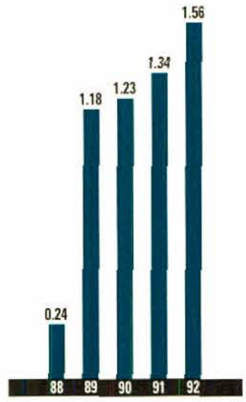
Funds Generated
From Continuing Operations

(millions of dollars)



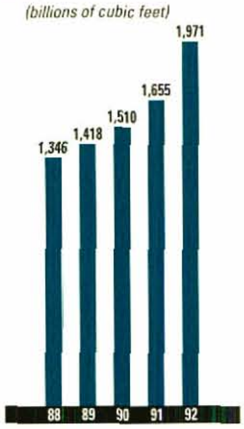
Net Income Per Share
From Continuing Operations

(dollars per share)



Gas Transmission
Volumes Delivered Annually

(billions of cubic feet)



Gas Sales
Domestic and Export

(billions of cubic feet)

Financial & Operating Highlights

Financial

(Millions of dollars except per share amounts)	**1992**	1991	1990
Net income for the year	**328.7**	251.2	214.9
Funds generated from operations	**486.9**	337.1	341.1
Capital expenditures and investments	**1,462.2**	1,569.7	579.2
Net income per share	**$ 1.56**	$ 1.34	$ 1.23
Funds generated from operations per share	**$ 2.69**	$ 2.06	$ 2.22
Dividends declared per common share	**$ 0.78**	$ 0.73	$ 0.69

Operating Statistics

(Billions of cubic feet)			
Gas transmission volumes delivered annually			
Domestic	**1,136.0**	1,043.8	1,051.9
Export	**835.3**	611.3	457.7
	1,971.3	1,655.1	1,509.6
Gas sales and marketing volumes sold annually			
Domestic	**582.0**	561.4	676.1
Export	**608.9**	444.4	271.2
	1,190.9	1,005.8	947.3

Chairman's Message

It is a great pleasure to report that in 1992 the Company achieved its fourth consecutive year of earnings growth. Of equal importance, all material affairs of the corporation were transacted very satisfactorily:

This includes construction, commissioning, and other operations of our mainline and affiliated pipelines; applications to regulatory agencies that were heard and ruled upon; construction, commissioning and operation of our second electric power generation plant; debt and equity financings; gas marketing; liquids extraction; carbon black operations; acquisition of a 49.98 per cent interest in Alberta Natural Gas; and progress in our ongoing programs for improvement in safety, productivity, customer service, stakeholder relations and employee development.

Although we encountered many challenges and obstacles throughout the year, our overall financial and operating results are testimony to the strength and competence of our employees and directors. To successfully operate an enterprise such as TransCanada with assets of $8.2 billion, revenues of $3.8 billion, and capital expenditures approaching $1.5 billion with a total staff of only 1,800 clearly demands highly educated, well trained and dedicated people. In this regard I am particularly delighted to report the human assets of the Company are at least on a par with those of any similar enterprise anywhere in the world. It is also noteworthy that over the last four years Company assets increased 78 per cent while employee count increased only one per cent.

During the year a senior officer, C. Kennedy Orr retired. Two directors A. Jean de Grandpré and Russell E. Harrison did not stand for re-election having reached retirement age. The Company and its shareholders have been extremely well served by these gentlemen over many years. At the annual meeting of shareholders in April Ms. Wendy Dobson, Professor, Faculty of Management, and Director, Centre for International Business, University of Toronto, and Mr. Yves Fortier, C.C., Q.C., former Canadian Ambassador and Permanent Representative to the United Nations, and now Chairman and a Senior Partner of Ogilvy Renault, were elected as directors.

The 1992 financial results and operating activities are covered in detail elsewhere in this annual report. Highlights for 1992 include a 30.8 per cent increase in net income to $328.7 million, a 16.4 per cent increase in net income per share to $1.56, a 44.4 per cent increase in funds generated from operations to $486.9 million, and a 10.5 per cent increase in quarterly dividends to 21 cents per common share as annnounced in December. These are all positive gains for shareholders, particularly in today's economic climate.

Our employees and directors are naturally very pleased to be able to report such a financially and operationally successful year. It is important to remember, however, that our current

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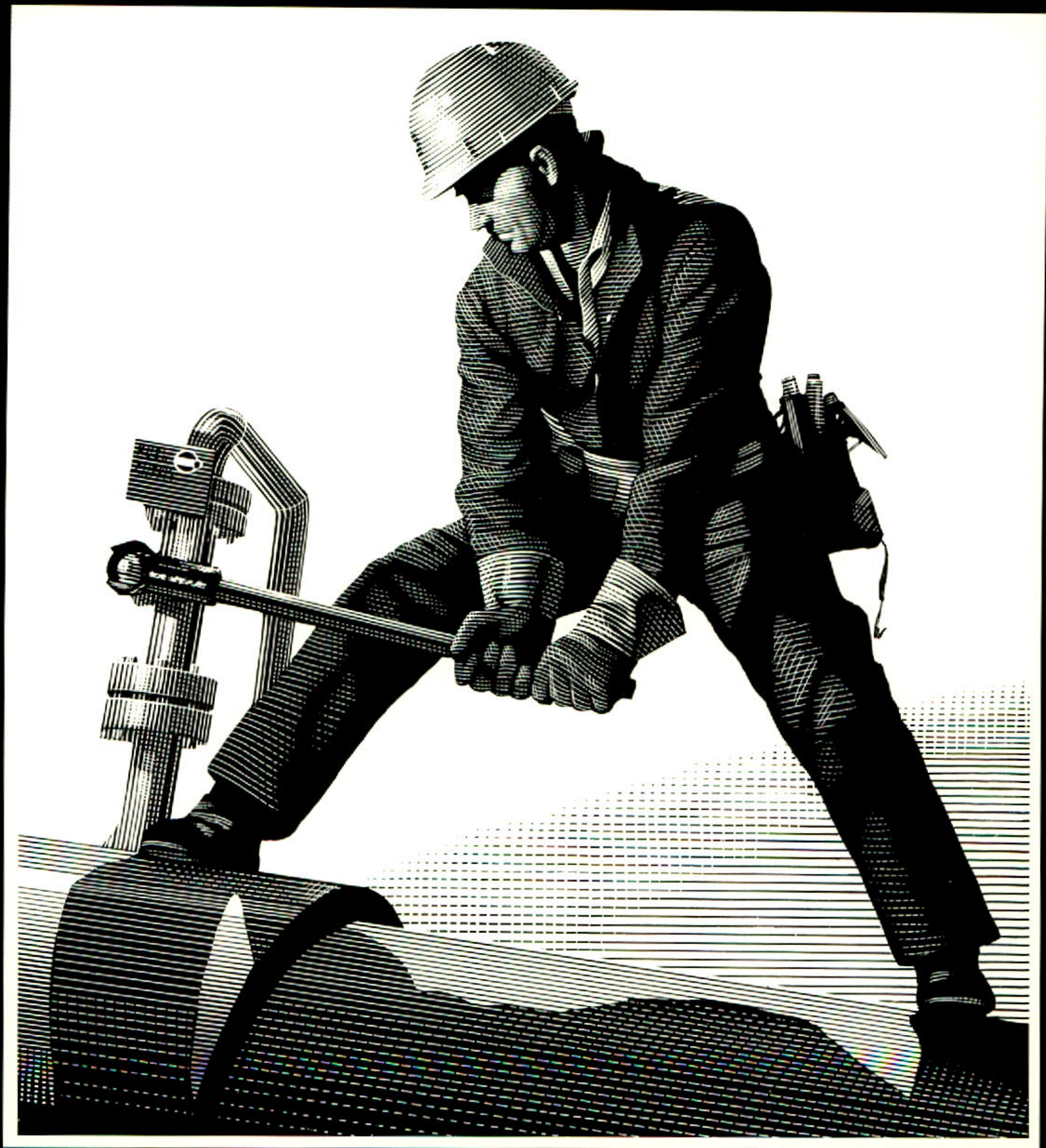


OUR OVERALL FINANCIAL AND OPERATING RESULTS
ARE TESTIMONY TO THE STRENGTH AND COMPETENCE OF
OUR EMPLOYEES AND DIRECTORS.

successes are the result of plans, actions, and investments made over a number of years. Similarly, much of our current efforts and expenditures will not bear fruit and add to our bottom line until some time in the future. That is the nature of our business.

For example, since the inception of our current major pipeline construction program in 1989 we have invested approximately $4.5 billion in our Canadian mainline, Great Lakes Gas Transmission and the Iroquois pipeline. However, the analyses and decisions that led up to those integrated projects date back to the mid 1980's. Other capital projects in which we have an interest called for an investment over that same time period of $327 million, resulting in a total capital investment by TransCanada of almost $5 billion since 1989. Returns from these investments will continue to be reflected in improved financial results.

Key questions however, centre on TransCanada's strategy, outlook and objectives for the future. Our basic strategy has not changed for over five years: in simple terms it is to be a preeminent transporter and marketer of natural gas in North America, and from those core strengths build supplementary and complementary businesses. This strategy is founded on the belief that natural gas will have a critical role in economic development over many years and in many parts of the world. Our initial focus is within North America, but as opportunities here are surpassed by highly profitable projects elsewhere we are prepared to venture to other continents.

Based on our experience and current outlook our basic strategy still appears valid, and we have no plans to deviate from it. In fact, the gas industry in Canada and the United States is evolving in relatively close accord with our expectations. Our overall outlook remains positive despite the trauma of deregulation and economic recession. Although the nature of the industry is changing at an incredible pace and competition is intense, we have confidence in our ability to be one of the most successful companies in this industry.

Competitive considerations naturally preclude prematurely revealing detailed tactics, plans and objectives; moreover they are subject to constant change. However, the generic priorities enunciated in my 1991 Report to Shareholders are still valid, even though our focus and implementation programs often shift. Those priorities are:

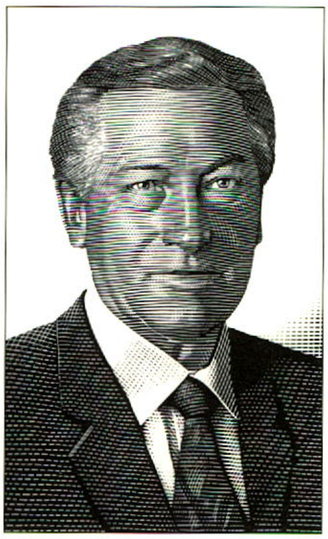
- To continue the expansion of gas transmission capacity for our customers in a timely, cost-effective manner, thereby continuing to improve our gas transportation capacity, flexibility and competitiveness.
- To continue to improve pipeline operating efficiency and service, but maintain the highest safety, environmental and reliability standards; to be preeminent in gas transportation.
- To continue diversification and expansion of natural gas markets, creating sales for producers and ensuring long-term security of supply for core-market customers.
- To develop and consummate new investment opportunities consistent with our business strategy and which will yield attractive returns for shareholders.

As we look at 1993 and beyond we see a large number of opportunities for profitable growth in areas entirely consistent with our basic strategy. For example, our plans for 1993 include an investment of about one billion dollars, primarily to increase the throughput capacity of our mainline and certain of our associated pipelines. It is too early to predict our 1994 investment level, but it is unlikely to be less than $600 million. These investment projections do not include the possible acquisition of Pacific Gas Transmission, for which TransCanada retains a limited right of first refusal.

Equally exciting however, is the long list of new projects now under review and from which we can selectively choose. Obviously, profitability and soundness of the project will be major criteria in determining which projects to select and which to discard, but another factor will be timing. In the coming years TransCanada will generate very large cash flows yielding outstanding financial capacity to undertake new investments without raising additional equity, and assuming a realistic but attractive dividend policy. We will therefore endeavour to time investments in new projects to avoid funding concerns and in a manner most beneficial to shareholders. At present TransCanada has over fifteen such projects under consideration; they include gas pipelines – both new and expansions, electric power generation plants, underground gas storage, water pipelines, hydrocarbon liquids extraction plants, and several international natural gas projects. Historically, only a small percentage of such projects mature to acceptance, but almost certainly a number of them will meet our criteria and proceed to completion.

TransCanada's corporate conduct and reputation identifies the Company as an attractive partner, thus we have the benefit of having projects brought to us by others. This provides a number of advantages to the Company. It not only broadens our scope and industry intelligence, but also provides a wider spectrum of options with more opportunity to select the most profitable projects.

On behalf of the directors and employees I am pleased to advise shareholders that the Company is in excellent standing, and has a promising outlook for 1993 and beyond.



Gerald J. Maier, P.Eng., F.C.A.E.

Chairman,
President and Chief Executive Officer

February 24, 1993

Corporate Operations

Financial Results, Capital Investment and Finance

Net income in 1992 was $328.7 million, an increase of 30.8 per cent over the $251.2 million recorded in 1991. On a per share basis, net income increased 16.4 per cent, rising to $1.56 from $1.34 per share in 1991. The improved earnings and a positive outlook justified an increase in quarterly dividends declared from 19 cents per common share in December 1991 to 21 cents per common share in December 1992. The primary reason for earnings growth in 1992 was the expansion of the Company's Canadian mainline operations and improved results from pipelines and a power project in the United States.

The large capital investment program TransCanada initiated in 1989 to expand its pipeline system continued through 1992 and will carry on at least into 1995. This program is providing additional pipeline and compression facilities to meet the requests for additional service from customers in Canada and the U. S. and is increasing the carry-away capacity of affiliated pipelines on TransCanada's transportation network.

The Company's investments in 1992 totaled $1.6 billion, including its proportionate share of investments made in associated pipelines and projects. The mainline expansion required $1.3 billion, while $103 million was invested in associated pipelines, primarily Northern Border Pipeline Company (Northern Border) and Great Lakes Gas Transmission System (Great Lakes). The Company paid approximately $147 million for its initial acquisition of a 49.98 per cent interest of Alberta Natural Gas Company Ltd (ANG) together with its proportionate share of a subsequent rights issue. The Company also invested $12 million in electric power generation.

The bulk of 1993 expenditures again will be on the mainline system with the size and timing of investment depending on firm shipping requirements and economic conditions, including the impact of any decisions made by Ontario Hydro with respect to the development of new natural gas-fueled electric power generation projects in Ontario.

TransCanada financed its 1992 capital program and other activities with $284 million of internally generated cash, $406 million of new common and preferred equity, $529 million of medium term notes, $583 million of Canadian and US dollar denominated debentures and $164 million of notes payable.

The 1993 capital programs are expected to be financed mainly from new debt and funds generated internally. Outside funding requirements for new facilities should continue to diminish after 1993 as the Company realizes returns on its capital investment programs and the greater part of expenditures for the current expansion are completed. TransCanada continues to maintain a single "A" credit rating, one of the few such ratings in the Company's industrial sector.

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AS TRANSCANADA LOOKS AT 1993 AND BEYOND, THERE ARE A LARGE NUMBER OF OPPORTUNITIES FOR PROFITABLE GROWTH IN AREAS ENTIRELY CONSISTENT WITH THE COMPANY'S BASIC STRATEGY.

Canadian Pipeline Operations

THE CANADIAN MAINLINE

TransCanada's Canadian mainline transported a record volume of 1.971 trillion cubic feet (tcf) of natural gas in 1992. This was a 19 per cent increase over the 1991 record of 1.655 tcf. Exports increased by 37 per cent to 835 billion cubic feet (bcf). The increase was primarily due to the first year of operations by the Iroquois Gas Transmission System (Iroquois) and expanded capacity on the Great Lakes Gas Transmission System (Great Lakes). Transportation to domestic customers reached 1.136 tcf, an increase of 9 per cent over the 1991 level of 1.044 tcf. The Company set a one-day record for deliveries of Western Canadian natural gas of 5.7 bcf, compared to the 1991 record of 5.5 bcf.

During the year, the Company constructed 861.2 kilometres (535.1 miles) of new pipeline loop and installed 296 megawatts (396,000 horsepower) of new compression power at a total capital cost of $1.3 billion.

In a four-year period of continuous expansion, the Company has directly invested a total of $3.9 billion in Canada. The capacity of the mainline has increased by more than 50 per cent.

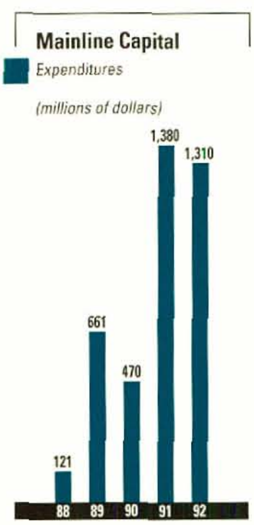
Mainline Tolls

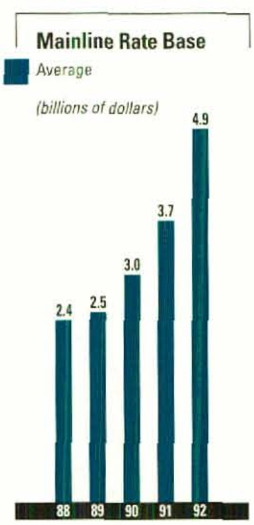
On April 30, the National Energy Board (NEB) established 1992 tolls for the mainline based on an approved rate of return of 13.25 per cent, as agreed to by an Industry Task Force on TransCanada's tolls.

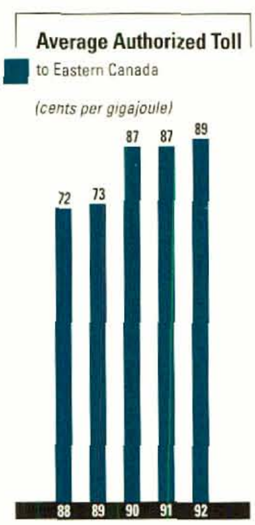
In October, the NEB heard an application for 1993 tolls which requested the return on equity of 13.25 per cent on a common equity ratio of 30 per cent be maintained, and also requested an 8.5 per cent increase in the revenue requirement to $1.56 billion from the 1992 level of $1.44 billion. The applied-for increase in revenue requirement reflects the cost of owning and operating expanded facilities. It will have limited impact on customers' tolls as it will be allocated over higher gas volumes transported on the system. In December, the NEB set interim tolls for 1993 at the same level as 1992 tolls; a final decision is expected in the first quarter of 1993.

Mainline Facilities

TransCanada received three separate approvals in 1992 from the NEB for expansion programs on the Canadian mainline. In May,







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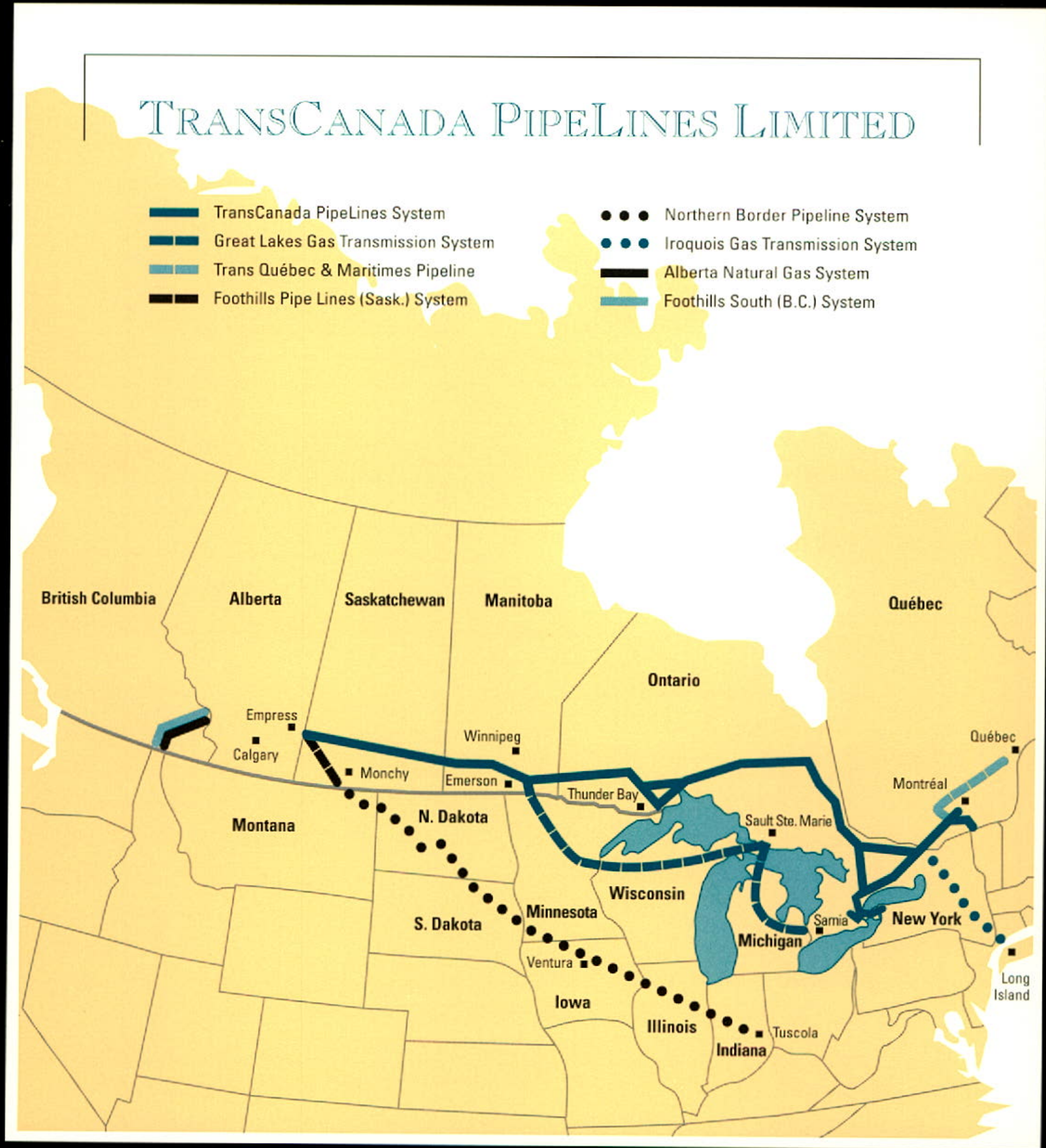


OUR STRATEGY IS TO BE THE PREEMINENT TRANSPORTER AND MARKETER OF NATURAL GAS IN NORTH AMERICA.

the NEB approved construction of 278 km (172 miles) of new pipeline loop. The new facilities were estimated to cost $357 million and will allow TransCanada to provide 116 MMcf/d of new firm service.

In June, the NEB approved the Blackhorse Extension in Southern Ontario. This will involve the construction of a 21 km (13 mile) pipeline at a cost of $39 million to a new export point at Chippawa, Ontario, providing 203 MMcf/d of gas to the proposed Empire State pipeline in New York State.

In November, the NEB approved a further application for construction of 366 km of pipeline loop (227 miles) and an additional 43 megawatts (58,000 horsepower) of compression, at an estimated cost of $501 million, to provide 214 MMcf/d of new transportation service. Construction is scheduled for 1993 and 1994.

In December, the Company applied for permission to build an additional 373 km (232 miles) of pipeline loop and add 204 megawatts (274,000 horsepower) of compression to increase long-haul capacity by 170 MMcf/d and short-haul capacity by 378 MMcf/d, at a cost of $808 million.

Trans Québec & Maritimes Pipeline

Deliveries on Trans Québec & Maritimes (TQM) pipeline reached a record 113 bcf, compared to 105.1 bcf in 1991. The NEB has allowed TQM a 12.25 per cent rate of return on a 25 per cent common equity ratio for the years 1993 and 1994. TransCanada has a 50 per cent interest in the TQM Pipeline Partnership, which owns the pipeline serving Québec markets beyond the termination of TransCanada's mainline at Montréal.

Foothills Pipe Lines (Sask.) Ltd.

In November 1992, Foothills Pipe Lines (Sask.) Ltd. (Foothills (Sask.)) completed a 240 MMcf/d expansion which increased its maximum contracted capacity to 1.48 bcf/d in response to increased demand for its pipeline capacity. The pipeline transported a record volume of 448 bcf of gas in 1992, compared to 374 bcf in 1991. TransCanada operates and has a 44 per cent interest in Foothills (Sask.).

Alberta Natural Gas Company Ltd

On June 30, TransCanada acquired a 49.98 per cent interest in Alberta Natural Gas Company Ltd (ANG) from Pacific Gas Transmission Company Ltd. (PGT). ANG derives its revenues from pipeline and gas liquids extraction operations in Canada and chemical operations in the United States.

In 1992, ANG shipped 492.5 bcf of natural gas on its wholly owned system, which transports gas from the Alberta border to the British Columbia-United States border where the gas is transferred to PGT's pipeline serving the U.S. Pacific Northwest and California.

ANG has a 41 per cent interest in the parallel pipeline owned by Foothills South (B.C.) which serves the same markets. ANG and Foothills South (B.C.) are expanding the capacity of their pipeline system through a capital program costing approximately $224 million. This includes about $96 million for ANG's compression facilities and approximately $128 million for pipeline segments to be owned by Foothills South (B.C.)

ANG is preparing to increase the capacity of its Cochrane gas liquids extraction plant to handle higher throughput volumes after the pipeline expansion is completed.

U.S. Pipeline Operations

Great Lakes Gas Transmission System

Great Lakes Gas Transmission System (Great Lakes) shipped record volumes of 789 bcf of natural gas in 1992, compared to 635 bcf the previous year. This increase is primarily the result of new facilities put into service in late 1991. The two-year, US $525 million expansion was the largest in Great Lakes' 25-year operating history, and increased capacity by 417.5 MMfc/d, or 29 per cent above 1991 pre-expansion levels. In 1993, Great Lakes plans to have capital expenditures of US $100 million to maintain its system and to increase transportation services to its customers. TransCanada has a 50 per cent interest in Great Lakes.

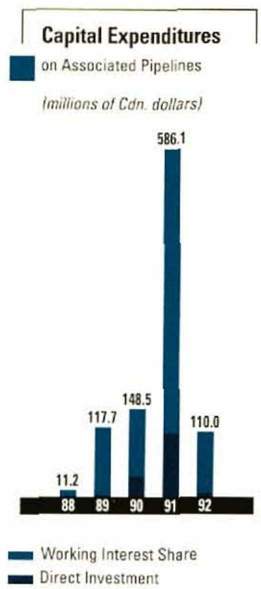
Iroquois Gas Transmission System

In January construction on the Iroquois Gas Transmission System (Iroquois) was completed to Long Island. Total deliveries for 1992 were 158.2 bcf, exceeding the scheduled amount by 30 per cent. Iroquois holds firm contracts for 606.9 MMcf/d of natural gas transportation capacity. During the last two months of the year the system averaged 668.6 MMcf/d of throughput.

Iroquois has been given permission by the United States Federal Energy Regulatory Commission (FERC) to construct a compressor station at Wright, New York, which is scheduled to be in service in November 1993. The compressor will increase Iroquois' capacity by 60 MMcf/d. Iroquois has filed an application to construct a second compressor station at Croghan, New York, in 1994 that would increase the system's capacity by a further 99.5 MMcf/d. TransCanada holds a 29 per cent interest in the Iroquois Gas Transmission System L.P. partnership.

Northern Border Pipeline Company

On November 1, Northern Border Pipeline Company (Northern Border) put its US $158 million pipeline expansion and extension into service. The new facilities resulted in a 313 MMcf/d increase in capacity. The extension provided shippers with new delivery points and market options. The pipeline is now 1,559 km (969 miles) in length and has the capability to transport nearly 1.7 bcf/d of natural gas from Canadian and U.S. receipt points. During 1992, Northern Border achieved nearly a 100 per cent capacity utilization and, with its expansion, reached a new transportation record of 519 bcf, compared to 442 bcf in 1991. Northern Border is a partnership in which TransCanada holds a 30 per cent interest.



Natural Gas Marketing

TransCanada's wholly owned subsidiary, Western Gas Marketing Limited (Western Gas), ranked as the largest marketer of natural gas in North America. The Company sold 1.191 tcf of natural gas, an increase of 18 per cent over 1991 volumes of 1.006 tcf. This represents the highest sales volumes since deregulation. The increase is mainly due to a 37 per cent increase in U.S. sales volumes over 1991. Western Gas also ranked as the largest exporter of Canadian gas to the United States. Canadian sales increased by four per cent, signalling a positive turn around in the Company's competitive position in Canada.

The Company successfully renegotiated sales arrangements with The Consumers' Gas Company Ltd. and Union Gas Limited, two major local distribution companies in central Canada. It also negotiated an innovative new three-tiered pricing and supply arrangement with Gaz Métropolitain, inc. (GMi) in Québec.

As part of an initiative to improve service to industrial customers, Western Gas is providing a special winter gas program to industrial customers in the GMi service area to reduce the degree of gas supply curtailment previously experienced in the Québec market. This program, started in December 1992, saves customers the cost of converting to higher priced alternate fuels, allows GMi to earn greater gas sales revenue and provides attractive prices for Alberta producers.

Western Gas' presence in the U.S. was strengthened through various activities. It phased in its contracted deliveries of 51 MMcf/d to Niagara Mohawk Power Corporation and 265 MMcf/d to Alberta Northeast Gas, Limited through the new Iroquois Gas Transmission System. To meet the significant increase in demand from U.S. pipelines, producers and gas consumers, the Houston-based operations of the Company expanded threefold last year. With an increased emphasis on acquiring U.S. supply, short-term sales volumes in the U.S. rose by 500 MMcf/d by mid-year.

Western Gas is responding to the changing regulatory environment in the U.S., prompted by the Federal Energy Regulatory Commission's Order 636. A large portion of the Company's U.S. gas sales is with major interstate pipelines that are now required to unbundle their services. The Order necessitates new arrangements with those pipelines, and creates opportunities to supply gas and related services to many new customers. Western Gas now operates over 1.3 bcf/d of firm transportation capacity to various U.S. markets.

Working closely with Alberta gas producers and other shippers, Western Gas successfully released excess capacity on the NOVA pipeline through assignments to third parties. The releases resulted in producer savings of $19 million. In 1993, the capacity assignments are expected to further reduce the Western Gas pool producers' NOVA unit cost by seven per cent, or two cents per Mcf.

In 1992, Western Gas intensified its focus on gas storage, and natural gas liquids. Strategic use of storage can balance delivery risk and provide supplementary capacity to meet peak demands. It can also help optimize transportation utilization and keep unit prices low. The increased emphasis on storage is expected to further enhance the Company's supply capability and marketing flexibility.

The Company is also making use of price risk management tools, such as natural gas futures trading on the New York Mercantile exchange.

During the year, Western Gas made measureable improvements in service to customers. The focus on quality improvement began in 1991 resulting in enhanced processes such as quicker contract turn around time. Performance measurements of some of those projects show improvements in response time of between 20 and 70 per cent.

Complementary Businesses

Power Generation

TransCanada has two successfully-operating natural gas-fueled electrical power generation plants and continues with the evaluation and development of many additional power projects within North America, of which Kapuskasing and North Bay, Ontario are but two.

The 500-megawatt Ocean State Power Plant in Rhode Island, in which TransCanada has a 40 per cent interest, performed above expectations for its first full calendar year of operation, with plant availability and capacity exceeding contracted target levels.

The Nipigon Power Plant in Ontario began contract deliveries of electricity to Ontario Hydro in May. This plant is wholly owned by the Company and produces 36 megawatts under a combined cycle process which is enhanced by the recovery of waste heat from TransCanada's adjacent compressor station. This plant is also performing above operational projections.

Cancarb Limited

Cancarb Limited, a wholly owned subsidiary that produces and markets thermal carbon black from natural gas feedstock, had record sales in 1992, largely because of the success of its international marketing program in 36 countries in Asia, Europe and South America. Sales in the United States improved slightly, despite the continuing impact of the recession.

Cancarb's commitment to customer service was again recognized in 1992. The Company received supplier excellence awards from Southwire Company, 3M and Dowty O Rings International and was named Union Carbide Corporation's outstanding supplier for the sixth consecutive year.

Cancarb also earned recognition for its quality program by achieving certification from the International Organization for Standardization (ISO). These standards are recognized in 90 countries and give customers assurance that the Company provides product and service quality and consistency.

Environmental Affairs

In 1992, the Board of Directors approved a formal corporate environmental policy reflecting Company practices which had evolved over many years. A new position of Director, Environmental Affairs was created with stringent reporting responsibilities to the Board of Directors, to the Audit Committee of the Board of Directors and to senior management. In addition, the Director has authority to audit and monitor all corporate activities to ensure that potentially adverse environmental effects are avoided or corrected, and that proper procedures are in place to meet environmental emergencies.

Over the past three years, mainline construction has been, and continues to be, a major focus for the environmental program. The department has provided management advice, from the environmental assessment phase to inspection and monitoring for compliance with regulations and undertakings. An integral part of this process has been liaison with federal and provincial agencies, stakeholders and special interest groups. Right-of-way restoration in a wide variety of ecosystems from the Prairies to the Great Lakes is an important focus.

Water crossings during pipeline construction have received considerable attention over the past several years. The primary concerns are the potential loss of fish habitat and adverse effects on water quality. Over the past three years TransCanada has crossed over 550 rivers and streams with no significant adverse effects on the environment.

The department provides environmental management services for all TransCanada's corporate activities. Such issues as noise, waste management, vegetation control, and air emissions are addressed. The department also conducts environmental audits of all mainline facilities, subsidiary and affiliated companies, and of any assets involved in prospective acquisitions and divestitures.

SAFETY PERFORMANCE

Both employees and pipeline contractors contributed to TransCanada's excellent safety performance in 1992. By year-end, the Company had achieved six months of operation without a lost-time accident. That is over two million hours of work and represents a new Company record. In February, 1993 Station 62 at Upsala, Ontario achieved a milestone of 25 years without a lost-time accident. Several strategies for improving safety performance contributed to this impressive result.

In addition, Cancarb employees marked their sixth year in a row without a lost-time accident at the Medicine Hat plant, a demonstration of their ongoing commitment to safety.

In the area of driver safety, a Company-wide emphasis on safe driving contributed to an 11 per cent reduction in preventable vehicle accidents in 1992 compared to 1991. Programs to enhance driver safety included classroom and in-vehicle assessments and defensive driving courses for Company and construction personnel.

TransCanada's focus on the safety performance of contractors also strengthened overall safety results. By emphasizing the importance of safety to contractors working along the right-of-way and in compressor stations, TransCanada has seen a significant improvement in contractors' safety performance.

ENGINEERING AND TECHNOLOGY

TransCanada has pioneered many developments in pipelining, including computer-controlled systems optimization, the use of aircraft-derivative engines for compression, and automatic welding. This has given the Company a very strong technological base from which it has built a competitive transportation network.

TransCanada continues to strongly emphasize the development and application of advances in science and engineering to enhance safety, efficiency and effectiveness.

The Company has developed integrated information systems technology in all aspects of its internal and external business life, including electronic communications with customers and financial markets. It also participates in research and development through several memberships and affiliations along with others in the natural gas and pipeline industries.

EDUCATION, TRAINING AND EMPLOYEE DEVELOPMENT

Education, training and employee development are cornerstones of TransCanada's commitment to developing a skilled and technologically adept work force. Internal training days were up substantially over 1991 and the number of employees participating in external programs was up more than 10 per cent.

In the field, 1992 marked the first full year of the Operational Training Program (OTP), which identifies all job activities performed and establishes performance standards for them through on-the-job training, mentoring and classroom instruction. At year-end, over 85 per cent of field employees were participating in the OTP.

A significant development was the introduction in July 1992 of an Employee Assistance Program (EAP), which provides confidential counselling services to employees and their families. The EAP was supported by a new drug and alcohol program, which provided communications and training to ensure that TransCanada provides a safe work place for its employees.

REPORT OF MANAGEMENT

The accompanying consolidated financial statements included in the Annual Report are the responsibility of Management and have been approved by the Board of Directors of the Company. These financial statements of the Company have been prepared by Management in accordance with accounting principles generally accepted in Canada and include amounts that are based on best estimates and judgments. Financial information contained elsewhere in this Annual Report is consistent with the consolidated financial statements.

Management has developed and maintains a system of internal accounting controls including a program of internal audits. Management believes the internal accounting controls provide reasonable assurance that financial records are reliable and form a proper basis for preparation of financial statements. The internal accounting control process includes Management's communication to employees of policies which govern ethical business conduct.

The Board of Directors has appointed an Audit Committee consisting solely of directors who are not officers of the Company to review with Management and the independent external auditors the annual consolidated financial statements of the Company prior to submission to the Board of Directors for final approval. The Audit Committee also meets periodically during the year with Management and the internal and external auditors individually and as a group. Internal and external auditors have free access to the Audit Committee without obtaining prior Management approval.

The independent external auditors, Peat Marwick Thorne, have been appointed by the shareholders to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the Company's financial position, results of operations and changes in financial position in conformity with generally accepted accounting principles.

The report of Peat Marwick Thorne on page 29 outlines the scope of their examination and their opinion on the consolidated financial statements.

Chairman, President and Chief Executive Officer
January 19, 1993

Chief Financial Officer

G.M. Hugh
Chief Operating Officer

G.W. Watson
Chief Financial Officer

R.A.M. Young, Q.C.
Senior Vice-President, Law and Chief Compliance Officer

C.R. Frew
President, Western Gas Marketing

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion has been prepared by Management and is a review of the financial results of the Company based on Canadian generally accepted accounting principles. Its focus is primarily a comparison of the financial performance of 1992 and 1991 and should be read in conjunction with the consolidated financial statements and accompanying notes. In addition, significant changes between 1991 and 1990 are highlighted. Note 20 to the financial statements describes significant differences between Canadian and United States generally accepted accounting principles.

To provide a better understanding of the Company's regulated operations, definitions of certain terms follow this discussion.

Results from Operations

TransCanada reports its operations under two principal business segments, the Gas Transmission segment and the Gas Sales, Marketing and Other segment. The Company's Gas Transmission segment, which is regulated by the National Energy Board (NEB), consists of its 100 per cent owned Mainline Gas Transmission System which includes over 13,000 kilometres of natural gas transmission pipelines and compressor stations stretching across Canada from the Alberta/Saskatchewan border near Empress, into Québec. The Company's Mainline Gas Transmission System is complemented by the Company's equity ownership in other gas transmission systems. These systems integrate the Company's Mainline Gas Transmission System into a North American network of natural gas pipelines. Affiliation with these associated operations allows the Company to serve markets in Québec and the United States Midwest and Northeast. In 1992, the Company acquired an interest in Alberta Natural Gas Company Ltd which owns a pipeline system which extends from the Alberta/British Columbia border through southeastern British Columbia to the Canada/United States border. This system provides access for Alberta natural gas to markets in Northern California and the Pacific Northwest. All of these associated operations are also subject to the jurisdiction of various regulatory bodies concerning matters such as tolls, construction, operations and accounting.

Net income for the Company in 1992 was $328.7 million or $1.56 per share compared to $251.2 million or $1.34 per share for 1991. Net income for the year ended 1990 was $214.9 million or $1.23 per share. Expansion within the Company's Mainline Gas Transmission System and improved results from several associated United States operations have provided a significant improvement in earnings in each of 1991 and 1992. As discussed more fully under the heading Gas Transmission Segment, the increase in earnings from this sector has resulted from rate base increases in each of the past three years. Expansion of the Great Lakes System and completion of Phase II of the Ocean State Power Plant also contributed to increased earnings in 1992.

Funds generated from operations were $486.9 million in 1992 compared to $337.1 million in 1991. This increase resulted from higher earnings which include higher non-cash expenses, such as depreciation and deferred income taxes.

Gas Transmission Segment

The NEB sets tolls for the Mainline Gas Transmission System which permit the Company the opportunity to recover projected costs of transporting natural gas and provide a fair and reasonable return on the Company's investment in rate base. Factors considered in setting approved tolls include estimating the level of this segment's rate base, as well as operating and financing costs. New facilities must be approved by the NEB before construction begins. Changes in rate base and the rate of return on rate base will affect the contribution to net income by this segment. Most of the Company's operating costs are fixed and are recovered monthly from shippers on the system.

In 1992, the Company continued to add significantly to its rate base by constructing in excess of $1.3 billion of additional pipeline and compression facilities. As in the previous two years, the return earned by the Company in 1992 was subject to deferral for the effect of any differences between actual and projected capital costs. The segment's actual average rate base for 1992, 1991 and 1990 amounted to approximately $4.9 billion, $3.7 billion and $3.0 billion, respectively, and the Company's earnings reflect that level of rate base. At December 31, 1992, the Company's actual rate base was $5.7 billion. In addition, the NEB allows the Company to record an Allowance for Funds Used During Construction (AFUDC) which includes a return on common equity. AFUDC varies from year to year depending on the level of the construction program.

The NEB set the segment's rate of return on common equity at 13.25 per cent, 13.50 per cent, and 13.25 per cent for the years 1992, 1991 and 1990, respectively. The deemed common equity component in all three years was 30 per cent. The Mainline Gas Transmission System's approved rate of return on rate base was 11.56 per cent for 1992, 12.11 per cent for 1991 and 12.05 per cent for 1990, reflecting year over year changes in the rate of return on common equity, noted above, and the reduced cost of financings arranged by the Company.

Gas Transmission segment revenues in 1992 of $1,474.9 million increased by almost 21 per cent or $254.3 million over revenues for 1991. This increase reflects a 19 per cent increase in total deliveries as well as higher tolls. The increase in deliveries reflects the high level of construction activity in both 1992 and 1991 which increased the Company's capacity to transport gas. The increase in tolls reflected the cost of the additional capacity plus other cost increases. Revenues for 1991 increased by almost 25 percent or $242.3 million over those for 1990. This resulted from a 10 per cent increase in deliveries as well as higher tolls. While 1992 domestic deliveries increased slightly over 1991 levels, and while 1991 domestic deliveries were slightly less than 1990 levels, export deliveries increased by over one third for the second consecutive year. Export deliveries in 1992 accounted for approximately 42 per cent of total deliveries compared to approximately 37 per cent in 1991.

The impact of inflation on the Company is minimized by the effect of the regulatory process on the Gas Transmission segment. The Company believes that presentation of financial statements on any basis other than historical cost would be misleading in that such statements would not depict the economics of the regulated operations.

GAS SALES, MARKETING AND OTHER SEGMENT

The Gas Sales, Marketing and Other segment includes the financial results of Western Gas Marketing Limited (Western Gas), a wholly owned subsidiary which purchases natural gas from producers for resale in Canada and the United States. Also included are the results of other gas marketing subsidiaries. The balance of this segment is composed of minor revenues and expenses from the Company's interests in the manufacturing and sale of thermal carbon black, the extraction of ethane and liquids from natural gas, power generation, project development and administrative costs.

Western Gas' revenues are generated from sales, transportation and storage of natural gas and include marketing fees earned under a netback agreement with Alberta producers. These fees are based on both volumes sold and prices obtained for the natural gas. Gas marketing revenues are dependent upon a number of factors including weather, pipeline operations, pipeline tariff structures and gas purchase costs.

The following table sets forth the year to year increase and (decrease) in domestic and export gas sales volumes and revenues:

	1992 Compared to 1991	1991 Compared to 1990
Volumes *(billions of cubic feet)*		
Domestic	20.6	(114.7)
Export	164.5	173.2
Total	185.1	58.5
Revenues *(millions of dollars)*		
Domestic	(85.0)	(321.7)
Export	479.4	149.4
Total	394.4	(172.3)

As shown in the table, total volumes sold and total revenues both increased in 1992 compared to 1991. The 1992 volumes increased in both domestic and export markets. The 1992 prices and consequently revenues, were weaker in the domestic market; however, export market prices increased in 1992 compared to 1991. Western Gas' market share of volumes shipped on the Iroquois Gas Transmission system was the major reason for the export increase in 1992. The decrease in domestic revenues in 1991 compared to 1990, resulted from a decline in volumes and significantly lower sales prices which reflected the effect of the recession, coupled with a higher relative percentage of spot sales. The increase in export volumes and revenues in 1991 from 1990 reflected the demand in the United States for Canadian natural gas.

INCOME FROM ASSOCIATED OPERATIONS

Income in 1992 from the Company's equity interests in associated operations was $128.4 million, representing a 36 per cent increase from the previous year. The increase was due primarily to new facilities put into service on the Great Lakes System and completion of Phase II of the Ocean State Power Plant. As these additional investments did not become operational until late 1991, the impact on income was not significant until 1992. Strengthening of the U.S. dollar in relation to the Canadian dollar during 1992 also contributed to the increase. Equity income for the year ended December 31, 1991, was $94.2 million, up 33 per cent from 1990. This increase was due to the commencement of commercial operations of Ocean State Power Plant, Phase I at the beginning of 1991. In addition, TransCanada commenced recording its proportionate share of the earnings of Iroquois Gas Transmission System in 1991.

OTHER INCOME

AFUDC related to expansion of the Company's Mainline Gas Transmission System increased from $32.9 million in 1991 to $42.8 million for the year ended December 31, 1992. For the year ended 1991, AFUDC increased by $14.9 million over the year ended 1990, also as a result of expansion.

Interest and other income declined from $76.6 million for the year ended December 31, 1990, to $67.1 million for the year ended December 31, 1991, and $48.8 million for the same period in 1992. The decrease from 1990 to 1991 was due primarily to provisions taken against certain assets. The decrease from 1991 to 1992 was due to a combination of the Company holding lower average cash balances and to lower average interest rates.

FINANCIAL CHARGES

Financial charges for 1992 increased by $42.4 million to $443.2 million compared to $400.8 million in 1991. This increase is almost exclusively due to higher interest on long-term debt resulting from the increase in long-term debt used to finance the expansion of the Company's Mainline Gas Transmission System. Other financial charges in total were relatively unchanged. In 1991, financial charges increased to $400.8 million from $337.2 million in 1990. This increase of $63.6 million resulted from an increase of approximately $90 million in interest on long-term debt (net) offset by a reduction in interest on short-term debt of approximately $26 million.

INCOME TAXES

Income taxes increased by $32.7 million in 1992 compared to the previous year. This increase was due to a higher level of taxable income. Income taxes for 1991 increased by $31.6 million over 1990. Almost $20 million of this increase resulted from a reduction in tax benefits from the utilization of prior years' tax losses with the remainder attributable to higher taxable income in 1991 compared to 1990.

LIQUIDITY AND CAPITAL RESOURCES

In 1992, the Company generated $284.2 million of cash from operations and raised $1,682.5 million from new financings for a total of almost $2 billion. These sources of cash, together with cash on hand, were used to fund 1992 capital expenditures and investment requirements, retire long-term debt and preferred shares, and pay dividends on preferred and common shares.

During 1992 the Company raised: $80.3 million of common equity; $197.0 million of equity preferred shares; $129.1 million of preferred shares; $1,112.0 million of medium-term notes and debentures; and $164.1 million of notes payable. In 1991 the Company raised a total of $982.3 million in debt, convertible debentures, and preferred shares, and $286.6 million of common shares.

In January 1992, the Company filed a short-form prospectus with securities commissions in Canada to allow it to issue up to $500 million of medium term notes with maturities ranging from one to 10 years. In August 1992, the Company received authorization to increase this facility to $800 million. In December 1992, the Company filed a shelf prospectus in Canada for the offering, during the next two years, of up to $500 million of debentures. At the same time, the Company filed a shelf registration statement in the United States for a similar offering of up to US $500 million of debt securities, also during the same period.

In the fourth quarter of each of the years 1990 to 1992, the Company increased the dividends declared on common shares. In the fourth quarter of 1990, the increase was one cent per common share for a quarterly dividend of 18 cents. In the fourth quarter of 1991, the quarterly dividend was raised to 19 cents per common share and, in the fourth quarter of 1992, it was increased by two cents to 21 cents per common share.

Capital expenditures for 1993 have been budgeted at approximately $1.2 billion. These expenditures are for mainline facilities, projects and the Company's working interest in associated operations. The Gas Transmission segment's portion of these capital expenditures is approximately $970 million. To finance these requirements, the Company expects to use external financing, including the above noted shelf prospectus and shelf registration statement, as well as internally generated funds. Mandatory retirement of long-term debt will be $577.4 million in 1993. This will be funded primarily from cash on hand.

ENVIRONMENT

The Company is strongly committed to the protection of the environment. Central to this commitment is the need to ensure that all decisions affecting the environment are made with full consideration of current and potential future environmental effects. Company standards are designed to meet current government or community standards. Where there is a demonstrated benefit, having due regard to the economic and technical viability, the Company will strive to exceed these standards. At the present time, the Company is not aware of any potential environmental liabilities with respect to its Mainline Gas Transmission operations which may have a material impact on operations or financial condition.

Two United States pipelines in which the Company has an equity ownership are parties to environmental actions. A subsidiary of TransCanada holds a 29 per cent interest in the Iroquois Gas Transmission System, L.P. partnership (Iroquois). Certain governmental legal actions and investigations have been commenced in the United States against Iroquois relating to alleged environmental violations during the construction of the Iroquois interstate pipeline. One of these actions, commenced by the New York Public Service Commission in February 1992, has been settled. Iroquois has agreed to perform additional remediation and restoration work and fund certain conservation programs. No further steps have been taken in the other actions and investigations relating to this matter. TransCanada continues to believe that its subsidiary's share of potential liability regarding these matters will not be material to TransCanada's operations or financial condition.

Another subsidiary of TransCanada holds a 50 per cent interest in the Great Lakes Gas Transmission Limited Partnership (the Partnership). In 1990, Great Lakes Gas Transmission Company (Great Lakes) received notice from the United States Environmental Protection Agency (EPA) indicating that Great Lakes may be considered a potentially responsible party in the ongoing remediation of an oil-contaminated refinery site in Minnesota. There are approximately 300 parties to the lawsuit. Great Lakes had sold about 0.1 per cent of the total used oil delivered to the refinery. Great Lakes has taken the position that contribution to expenses related to the site ought to be proportional to the amount of oil delivered to the site. The Partnership is currently evaluating the extent of its liability. The Partnership is unable to determine at this time the effect, if any, the resolution of this matter will have on its financial position. TransCanada believes that the Partnership's share of potential liability with respect to this matter will not be material to TransCanada's operations or financial condition.

OUTLOOK

In July 1992, the Company filed its application with the NEB to establish tolls for 1993. The application sought to maintain the current 13.25 per cent rate of return on a deemed common equity component of 30 per cent. The hearing for this application concluded in October 1992. A decision is expected in the first quarter of 1993, and interim tolls for 1993 were set by the NEB at the 1992 levels. The current trend in interest rates and their effect on equity returns leads the Company to expect that the NEB may reduce the rate of return below the applied for 13.25 per cent. The Company is unable to estimate the rate that the NEB will approve. Based upon the forecast average rate base for 1993 of approximately $ 6 billion, a 0.25 change in the rate of return on common equity would impact expected 1993 net income by approximately $4.5 million.

In 1992, the NEB approved three applications to construct facilities in 1993 and 1994 totalling $897 million. In December 1992, the Company applied to the NEB for permission to construct additional facilities in 1994 and 1995 in the amount of $808 million. The Company's December 1992 facilities application includes adding capacity to service several planned power generation projects in Ontario, including two planned by the Company. In late 1992, Ontario Hydro announced that it was encountering an excess supply of electrical energy and was commencing a study of its short-term and long-term power requirements. If these power generation projects are deferred or cancelled the Company's December 1992 facilities application will be amended.

The Company continues to evaluate its natural gas related projects with the goal of strengthening its asset base, diversifying its sources of income, and obtaining a return on equity superior to the allowed return from the Mainline Gas Transmission System. It currently has a large portfolio of potential projects under consideration, but it is not possible to predict which will meet the Company's investment standards and be undertaken. In 1992, two power generation projects at Kapuskasing and North Bay, which would involve the sale of electricity to Ontario Hydro, matured to the point where engineering and planning were quite advanced. However, the Company now expects these two projects will be delayed pending a decision by Ontario Hydro.

In 1989, the Company entered into a Plan of Arrangement whereby the common shares of Encor Inc. were distributed to TransCanada's common shareholders. As a result of this Plan of Arrangement, the Company has continuing commitments pursuant to guarantees of a portion of the outstanding debt of Encor Inc. As at December 31, 1992, approximately $69 million of this debt remained outstanding. Encor Inc. has continued to service its debt requirements but the Company is unsure whether it will be required, at some future date, to honour these guarantees. Should it be required to do so, the Company anticipates that it would rank among the unsecured creditors of Encor Inc., immediately behind the secured creditors but in priority to the holders of convertible debentures and preferred shares.

TransCanada continues to hold a limited right of first refusal to acquire Pacific Gas and Electric Company's 100 per cent interest in Pacific Gas Transmission Company. Discussions concerning this purchase remain deferred until restructuring of gas purchase contracts between Alberta and Southern Gas Co. Ltd., another subsidiary of Pacific Gas and Electric Company, and its Canadian gas producers is completed.

The Company's Mainline Gas Transmission System is designed with maximum daily capacity based upon forecasts from shippers on the system. In the summer of 1992, nominations for firm service deliveries were greater than originally forecasted. However, the Company, through arrangements with certain of its shippers, was able to meet all of its firm service commitments. These shippers were able to satisfy their eastern markets through other sources, and an agreement for them to lend contracted capacity to the Company was arranged. Western Gas, as one of the largest shippers on the system, provided 27.4 billion cubic feet, or 92 per cent of the total contracted capacity borrowed. The Company will repay the borrowed capacity over the winters of 1993, 1994 and 1995. As of the beginning of February 1993, 12.7 billion cubic feet of the approximately 30 billion cubic feet of contracted capacity borrowed from shippers has been repaid.

The Canadian natural gas industry is currently experiencing increased demand for natural gas, primarily from United States markets. This demand has presented the industry as a whole with short-term challenges regarding production capability in the field and in gathering and transmission capability within Alberta.

Alberta natural gas producers were recently challenged as a result of extremely cold weather in Western Canada during parts of December 1992 and January 1993. Demand within Alberta soared at the same time that the weather hampered the deliverability of natural gas to the Alberta gathering system. This resulted in a shortfall of forecasted deliveries to pipelines receiving Alberta gas, including the Company's Mainline Gas Transmission System. This shortfall can not be interpreted as being reflective of any change in the fundamental attributes of Western Canada's gas reserves, or the future strength of the Canadian natural gas industry.

The current deliverability shortfall is partly the result of the low prices producers have been receiving in recent years. The producers have not had economic incentive to increase deliverability, primarily because deliverability exceeded demand, gas prices were low, and also because of a trend towards short-term interruptible contracts which do not include an obligation to deliver, nor an obligation to take gas over extended periods of time. Indications are that recent increases in pipeline capacity to markets outside of Western Canada, as well as higher gas prices have given some incentive for the deliverability to be increased. There has been an increase in drilling activity as well as an increase in expenditures to improve the performance of natural gas processing plants. In addition, there has been an indication that additional gas storage will be developed in Alberta.

The Company will continue its established practice of applying to the NEB for approval to expand its Canadian mainline system only when it has assurances that long-term firm markets are supported by firm gas supplies. This practice includes the review of existing transportation contracts and their related markets to assess whether requests for new long-term firm transportation service will require the addition of new facilities or can be handled by the shifting of capacity. Through this process, the Company believes it will be able to meet requirements for natural gas transportation capacity to its North American markets in a reliable, cost efficient manner.

The Company will continue to work with members of the industry and its customers to respond effectively to the continuing evolution of the natural gas industry in North America. Deregulation, steady demand growth, the nearing realization of balance between supply and demand, and growing expectations of the role to be filled by natural gas in meeting the energy needs of North America are factors which cause uncertainty and challenge, but in the Company's opinion this does not dim the brightness of the opportunities and potential of the natural gas industry.

DEFINITIONS

Rate Base

Is the sum of the cost, after accumulated depreciation, of the assets used by the Company in the transmission of natural gas, principally, gas plant in service, plus or minus the balance of certain deferred amounts.

Gas Plant in Service

Consists primarily of the pipe and compression facilities used in the transmission of natural gas.

Allowance for Funds Used During Construction

"AFUDC" is an allowance to compensate the Company for the cost of financing debt and equity funds used during construction of the Gas Transmission segment's rate base. This allowance is capitalized (added to the cost of the gas plant under construction). It is calculated using the allowed rate of return on rate base.

Rate of Return on Rate Base

This rate (as approved by the National Energy Board) is the blended cost of the Company's capital. When applied to the Gas Transmission segment's average rate base, it establishes the amount the Company will receive to pay the cost of its debt, preferred shares and to provide a return on common equity.

Rate of Return on Common Equity

Expressed as a percentage, this is the component of the rate of return on rate base, which represents the return earned by the Gas Transmission segment on behalf of the Company's common shareholders.

Deemed Common Equity Component

Also referred to as the common equity ratio, this percentage is the amount of common equity that is approved by the National Energy Board as being dedicated to finance the Gas Transmission segment's rate base.

Consolidated Income

Year ended December 31

(stated in millions of dollars except per share amounts)	**1992**	1991	1990
Revenues *(Note 2)*	**3,757.5**	3,094.1	3,033.2
Costs and Expenses *(Note 2)*	**3,075.4**	2,538.8	2,580.7
Operating Income	**682.1**	555.3	452.5
Income from Associated Operations *(Note 4)*	**128.4**	94.2	70.9
Other Income			
Interest and other income	**48.8**	67.1	76.6
Allowance for funds used during construction			
Debt	**24.9**	19.5	10.8
Equity	**17.9**	13.4	7.2
	91.6	100.0	94.6
Income before Financial Charges and Income Taxes	**902.1**	749.5	618.0
Financial Charges *(Note 7)*			
Interest on long-term debt *(net)*	**429.4**	388.3	300.5
Other	**13.8**	12.5	36.7
	443.2	400.8	337.2
Income before Income Taxes	**458.9**	348.7	280.8
Income Taxes *(Note 9)*	**130.2**	97.5	65.9
Net Income for the Year	**328.7**	251.2	214.9
Net Income Per Share for the Year *(Note 12)*	**$1.56**	$1.34	$1.23

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CONSOLIDATED CHANGES IN FINANCIAL POSITION

Year ended December 31

(stated in millions of dollars)	**1992**	1991	1990
Cash Generated From Operations			
Net income for the year	**328.7**	251.2	214.9
Depreciation	**187.7**	146.4	127.3
Deferred income taxes	**26.7**	(29.7)	24.5
Income from associated operations less dividends received	**(46.6)**	(50.9)	(40.2)
Allowance for equity funds used during construction	**(17.9)**	(13.4)	(7.2)
Other	**8.3**	33.5	21.8
Funds generated from operations	**486.9**	337.1	341.1
(Increase)/decrease in operating working capital *(Note 18)*	**(202.7)**	168.1	(38.8)
	284.2	505.2	302.3
Investment Activities			
Capital expenditures	**(1,324.3)**	(1,417.0)	(487.1)
Associated operations			
Associated pipelines	**(6.6)**	(108.3)	(35.0)
Ocean State Power Plant	**–**	(44.4)	(57.1)
Alberta Natural Gas Company Ltd	**(146.9)**	–	–
Return of capital	**15.6**	–	–
Deferred amounts and other	**11.8**	93.2	(89.0)
	(1,450.4)	(1,476.5)	(668.2)
Dividends Paid	**(184.9)**	(145.6)	(130.1)
Financing Activities			
Increase in notes payable	**164.1**	–	–
Long-term debt issued	**1,112.0**	684.1	591.4
Reduction of long-term debt	**(172.3)**	(211.5)	(145.4)
Convertible debentures issued	**–**	149.8	–
Preferred shares issued	**129.1**	148.4	198.3
Preferred shares retracted or redeemed	**(80.7)**	(0.3)	(154.4)
Equity preferred shares issued	**197.0**	–	–
Common shares issued	**80.3**	286.6	23.9
Other	**–**	(57.9)	5.3
	1,429.5	999.2	519.1
Increase/(Decrease) in Cash and Short-Term Investments	**78.4**	(117.7)	23.1
Cash and Short-Term Investments			
– at beginning of year	**520.5**	638.2	615.1
Cash and Short-Term Investments			
– at end of year	**598.9**	520.5	638.2

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Financial Position

December 31

(stated in millions of dollars)	**1992**	1991
ASSETS		
Current Assets		
Cash and short-term investments *(Note 5)*	**598.9**	520.5
Accounts receivable *(Note 16)*	**514.3**	410.4
Other	**67.0**	24.8
Total current assets	**1,180.2**	955.7
Payments on Future Gas Supply *(Note 13)*	**26.5**	58.8
Associated Operations *(Note 4)*	**879.5**	652.0
Plant, Property and Equipment *(Notes 3 and 6)*	**6,000.6**	4,846.9
Deferred Amounts *(Note 14)*	**149.8**	91.3
	8,236.6	6,604.7

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Notes payable *(Note 5)*	**164.1**	–
Accounts payable *(Note 16)*	**458.3**	427.5
Income taxes payable	**–**	105.2
Interest accrued	**157.7**	145.5
Dividends payable	**52.2**	42.0
Long-term debt due within one year *(Note 6)*	**577.4**	134.2
Total current liabilities	**1,409.7**	854.4
Long-Term Debt *(Note 6)*	**3,894.8**	3,369.6
Deferred Income Taxes	**95.6**	32.4
Convertible Debentures *(Note 8)*	**150.0**	150.0
Preferred Shares (redeemable) *(Note 10)*	**588.3**	539.0
Equity Preferred Shares and Common Shareholders' Equity		
Equity Preferred Shares *(Note 11)*	**197.0**	–
Common shares *(Note 12)*	**791.0**	710.7
Contributed surplus	**269.6**	269.6
Retained earnings	**825.7**	692.1
Foreign exchange adjustment	**14.9**	(13.1)
	2,098.2	1,659.3
Commitments and Contingencies *(Note 19)*		
	8,236.6	6,604.7

The accompanying notes to the consolidated financial statements are an integral part of these statements.

On behalf of the Board:

Director

Director

CONSOLIDATED CONTRIBUTED SURPLUS AND RETAINED EARNINGS

(stated in millions of dollars except per share amounts) Year ended December 31	**1992**	1991	1990
Contributed Surplus			
Balance at beginning of year	**269.6**	271.6	271.6
Share issue expenses	**–**	(2.0)	–
Balance at end of year	**269.6**	269.6	271.6
Retained Earnings			
Balance at beginning of year	**692.1**	594.5	510.9
Net income for the year	**328.7**	251.2	214.9
	1,020.8	845.7	725.8
Dividends declared			
Preferred (redeemable) *(Note 10)*	**48.5**	31.8	25.4
Equity preferred and common	**146.6**	121.8	105.9
	195.1	153.6	131.3
Balance at end of year	**825.7**	692.1	594.5
Dividends per common share	**$0.78**	$0.73	$0.69

The accompanying notes to the consolidated financial statements are an integral part of these statements.

AUDITORS' REPORT

KPMG Peat Marwick Thorne

To The Shareholders of TransCanada PipeLines Limited

We have audited the consolidated statements of financial position of TransCanada PipeLines Limited as at December 31, 1992 and December 31, 1991 and the consolidated statements of income, contributed surplus and retained earnings and changes in financial position for each of the years in the three-year period ended December 31, 1992. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1992 and December 31, 1991 and the results of its operations and the changes in its financial position for each of the years in the three-year period ended December 31, 1992 in accordance with Canadian generally accepted accounting principles.

Peat Marwick Thorne

Chartered Accountants
Calgary, Canada
January 19, 1993

Notes to Consolidated Financial Statements

Note 1 Accounting Policies

The consolidated financial statements of the Company have been prepared by Management in accordance with accounting principles generally accepted in Canada. These accounting principles are different in some respects from those generally accepted in the United States (U.S. GAAP) and the significant differences are described in Note 20. Amounts are stated in Canadian dollars unless otherwise indicated. The significant accounting policies of the Company are summarized below:

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its subsidiaries. The Company uses the equity method of accounting for investments in which it exercises significant influence. Other investments and projects which are in the development stage are included at cost in Deferred Amounts.

Regulation

The Company is subject to the authority of the National Energy Board (NEB) with respect to the determination of tolls and related accounting for the natural gas transmission system (the Gas Transmission segment). In order to achieve a proper matching of revenues and expenses the timing of recognition of certain revenues and expenses in this segment may differ from that otherwise expected under generally accepted accounting principles applicable to non-regulated businesses. The companies and partnerships in which the Company has investments are also subject to the authority of certain regulatory bodies.

Cash and Short-Term Investments

The Company's short-term investments are considered to be cash equivalents and are recorded at cost which approximates market value.

Plant, Property and Equipment

Gas Transmission

Gas transmission plant is carried at cost. Depreciation is calculated on a straight-line basis using rates approved by the NEB: 2.5 per cent for pipelines, 3.5 per cent for compressor stations and other transmission plant and various rates for general plant and equipment. Removal and site restoration costs are provided for when reasonably determinable and as approved by the NEB. An allowance for funds used during construction is capitalized and included in the cost of gas plant. The rate employed in calculating this allowance is the NEB's approved rate of return on rate base.

Gas Sales, Marketing and Other

Plant, property and equipment is carried at cost and depreciated on a straight-line basis over estimated service lives. Interest is capitalized on projects under construction.

Foreign Currency Translation

The Company's foreign operations are self-sustaining and are translated into Canadian dollars using the current rate method. Certain debt denominated in U.S. dollars is a partial hedge of the Company's net investment in U.S. dollars. The resulting translation adjustments are reflected in a separate component of shareholders' equity. Foreign exchange gains and losses on Gas Transmission segment related debt are included in income as they are dealt with in the tollmaking process.

Income Taxes

The Company follows the taxes payable method of accounting for income taxes related to the operations of the Gas Transmission segment. This method is prescribed by the NEB for tollmaking purposes. Since there is reasonable expectation that all such taxes will be included in future costs of service and recovered in revenues at such time, this method is being followed for accounting purposes. The Company follows the deferral method of tax allocation accounting for other operations.

Post-Employment Benefits Other Than Pensions

The Company provides its retired employees with life insurance and certain medical benefits beyond those provided by government sponsored plans. These benefits are expensed when the costs are paid.

Comparative Figures

Certain comparative figures have been reclassified to conform with the current financial statement presentation.

NOTE 2 SEGMENTED AND OTHER INFORMATION

The Company operates principally in two business segments:

(i) *Gas Transmission*

The Company owns and operates a natural gas transmission system which extends from Alberta into Québec. The gas transmission system transports natural gas to regional gas distribution and transmission companies in Canada and the United States.

Matters such as tolls, construction, operations and accounting in connection with the gas transmission system are subject to the authority of the NEB. Tolls are determined by the NEB on a rate base, rate of return and cost of service basis.

(ii) *Gas Sales, Marketing and Other*

The operations of Western Gas Marketing Limited (Western Gas), a wholly owned subsidiary, are included in this segment. Western Gas, as agent for TransCanada, administers the purchase by TransCanada of natural gas in Alberta under a netback pricing arrangement. Western Gas and other wholly owned subsidiaries of TransCanada also purchase natural gas for sale to regional natural gas distribution companies and other customers in Canada and the United States.

Other operations included in this segment are the manufacturing and sale of thermal carbon black, the extraction of natural gas liquids and ethane from natural gas as well as the administration and development of the Company's investments.

(a) Business Segments

The Company's financial data by business segment is as follows:

Year ended December 31 (millions of dollars)	**1992**	1991	1990
Revenues			
Gas Transmission			
Domestic deliveries	**877.2**	826.5	713.9
Export deliveries	**586.1**	390.0	262.2
Other revenues	**11.6**	4.1	2.2
	1,474.9	1,220.6	978.3
Gas Sales, Marketing and Other			
Domestic gas sales	**973.5**	1,058.5	1,380.2
Export gas sales	**1,215.7**	736.3	586.9
Other revenues	**93.4**	78.7	87.8
	2,282.6	1,873.5	2,054.9
Total revenues	**3,757.5**	3,094.1	3,033.2
Costs and expenses			
Gas Transmission			
Operating costs	**626.8**	541.7	418.6
Depreciation	**177.3**	138.8	118.7
	804.1	680.5	537.3
Gas Sales, Marketing and Other			
Cost of gas and operating costs	**2,260.9**	1,850.7	2,034.8
Depreciation	**10.4**	7.6	8.6
	2,271.3	1,858.3	2,043.4
Total costs and expenses	**3,075.4**	2,538.8	2,580.7
Operating income			
Gas Transmission	**670.8**	540.1	441.0
Gas Sales, Marketing and Other	**11.3**	15.2	11.5
	682.1	555.3	452.5
Capital expenditures			
Gas Transmission	**1,328.2**	1,393.6	476.8
Less allowance for equity funds used during construction	**17.9**	13.4	7.2
	1,310.3	1,380.2	469.6
Gas Sales, Marketing and Other	**14.0**	36.8	17.5
	1,324.3	1,417.0	487.1
Business segment assets			
Gas Transmission	**6,126.5**	4,941.7	3,727.8
Gas Sales, Marketing and Other	**563.4**	460.9	348.9
	6,689.9	5,402.6	4,076.7
Associated operations	**879.5**	652.0	439.2
Corporate assets	**667.2**	550.1	723.9
	8,236.6	6,604.7	5,239.8

Included in export gas sales are $479.5 million, $298.3 million, and $218.3 million for the years ended December 31, 1992, 1991 and 1990, respectively, relating to gas sales made by a United States subsidiary. Operating income for the years ended December 31, 1992, 1991 and 1990 and assets at December 31, 1992, 1991, and 1990 of the subsidiary are not material.

Due to the regulatory process, variations in the Gas Transmission segment's revenues and volumes by themselves do not have an impact on net income.

(b) Principal Customers

The following table sets forth the Company's revenues generated from the sale and transmission of natural gas to its five principal customers:

Year ended December 31 (millions of dollars)	**1992**	1991	1990
The Consumers' Gas Company Ltd.	**503.9**	487.6	551.4
Gaz Métropolitain, inc.	**256.3**	272.7	299.0
Centra Gas Ontario Inc.	**208.7**	199.2	282.5
Alberta Northeast Gas, Limited	**200.0**	1.0	–
Union Gas Limited	**167.5**	179.6	293.6

NOTE 3 PLANT, PROPERTY AND EQUIPMENT

December 31 (millions of dollars)	**1992**			1991
	Cost	**Accumulated Depreciation**	**Net Book Value**	Net Book Value
Gas Transmission				
Gas plant in service				
Mainline	**5,699.3**	**1,199.5**	**4,499.8**	3,559.7
Compression	**1,424.0**	**351.6**	**1,072.4**	672.3
Metering and other	**201.2**	**57.5**	**143.7**	137.3
	7,324.5	**1,608.6**	**5,715.9**	4,369.3
Gas plant under construction	**160.2**	**–**	**160.2**	357.7
	7,484.7	**1,608.6**	**5,876.1**	4,727.0
Gas Sales, Marketing and Other	**186.1**	**61.6**	**124.5**	119.9
	7,670.8	**1,670.2**	**6,000.6**	4,846.9

NOTE 4 ASSOCIATED OPERATIONS

The Company's equity investments and its share of the earnings from these associated operations for the years ended are as follows:

(millions of dollars)	**1992**		1991		1990	
	Investment	**Equity Earnings**	Investment	Equity Earnings	Investment	Equity Earnings
ASSOCIATED PIPELINES						
Great Lakes System	**261.9**	**54.1**	234.8	30.5	122.2	27.2
Northern Border Pipeline Company	**229.0**	**24.7**	191.7	22.9	190.4	29.3
Foothills Pipe Lines (Sask.) Ltd.	**23.4**	**6.4**	27.4	8.7	27.4	8.6
Trans Québec & Maritimes Pipeline	**39.4**	**11.3**	40.7	7.9	42.1	5.8
Iroquois System	**69.2**	**5.9**	51.0	9.8	–	–
OCEAN STATE POWER PLANT	**108.7**	**23.2**	106.4	14.4	57.1	–
ALBERTA NATURAL GAS COMPANY LTD	**147.9**	**2.8**	–	–	–	–
	879.5	**128.4**	652.0	94.2	439.2	70.9

Dividends and distributions received from associated operations amounted to $81.8 million, $43.3 million and $32.2 million for the years ended December 31, 1992, 1991 and 1990, respectively. Consolidated retained earnings at December 31, 1992, includes $188.9 million (December 31, 1991 – $159.1 million), which represents undistributed earnings from these associated operations.

ASSOCIATED PIPELINES

Great Lakes System

The Company owns 50 per cent of Great Lakes Gas Transmission Company which operates a pipeline system (Great Lakes System) extending from the Canada/United States border near Emerson, Manitoba through the United States to the vicinity of Sarnia, Ontario. The Great Lakes System is an open access pipeline which transports gas for the Company and other shippers.

The following sets out summarized financial information for the Great Lakes System:

December 31 (millions of US dollars)	**1992**	1991
Natural gas transmission plant *(net)*	**999.2**	989.6
Current assets	**79.2**	73.2
Current liabilities	**(79.4)**	(75.5)
Deferred credits	**(100.8)**	(92.4)
Long-term debt	**(500.0)**	(500.0)
Equity	**398.2**	394.9

Year ended December 31 (millions of US dollars)	**1992**	1991	1990
Operating revenues	**244.1**	185.6	227.8
Operating expenses	**(110.9)**	(112.6)	(168.2)
Interest *(net)*	**(45.7)**	(17.7)	(12.8)
Net income	**87.5**	55.3	46.8

Northern Border Pipeline Company

The Company owns a 30 per cent interest in the Northern Border Pipeline Company, a partnership which owns a natural gas pipeline extending from the Canada/United States border near Monchy, Saskatchewan to a point near Ventura, Iowa.

The following sets out summarized financial information for Northern Border Pipeline Company:

December 31 (millions of US dollars)	**1992**	1991
Natural gas transmission plant *(net)*	**1,087.3**	978.3
Current assets	**38.0**	35.8
Deferred charges	**36.2**	49.3
Current liabilities	**(58.7)**	(41.2)
Deferred credits	**(358.3)**	(367.5)
Long-term debt	**(467.5)**	(419.5)
Equity	**277.0**	235.2

Year ended December 31 (millions of US dollars)	**1992**	1991	1990
Operating revenues	**167.6**	156.2	171.3
Operating expenses	**(70.9)**	(59.7)	(48.3)
Interest *(net)*	**(28.2)**	(29.6)	(39.1)
Net income	**68.5**	66.9	83.9

Foothills Pipe Lines (Sask.) Ltd.

The Company is the operator and owns 44 per cent of Foothills Pipe Lines (Sask.) Ltd. (Foothills (Sask.)) which owns a pipeline extending from the Alberta/Saskatchewan border near Empress, Alberta to the Canada/United States border near Monchy, Saskatchewan where it connects with the Northern Border pipeline.

The following sets out summarized financial information for Foothills (Sask.):

December 31 (millions of dollars)	**1992**	1991
Natural gas transmission plant *(net)*	**280.3**	288.0
Current assets	**13.4**	9.7
Current liabilities	**(3.1)**	(7.2)
Deferred credits	**(70.3)**	(70.1)
Long-term debt	**(160.5)**	(150.8)
Equity	**59.8**	69.6

Year ended December 31 (millions of dollars)	**1992**	1991	1990
Operating revenues	**46.6**	56.4	57.3
Operating expenses	**(19.9)**	(20.4)	(18.6)
Interest *(net)*	**(12.6)**	(16.4)	(19.1)
Net income	**14.1**	19.6	19.6

Trans Québec & Maritimes Pipeline

The Company owns a 50 per cent interest in TQM Pipeline Partnership (TQM), a partnership which owns a pipeline system extending from Saint-Lazare, near Montréal, to a point just west of Québec City, in the province of Québec. The pipeline system is operated by Trans Québec & Maritimes Pipeline Inc., in which the Company has a 50 per cent interest.

The following sets out summarized financial information for TQM:

December 31 (millions of dollars)	**1992**	1991
Natural gas transmission plant *(net)*	**345.1**	358.7
Current assets	**7.9**	7.6
Deferred charges	**1.5**	1.2
Current liabilities	**(16.0)**	(16.0)
Long-term debt	**(250.5)**	(260.0)
Equity	**88.0**	91.5

Year ended December 31 (millions of dollars)	**1992**	1991	1990
Operating revenues	**76.7**	74.5	69.4
Operating expenses	**(23.1)**	(22.8)	(22.5)
Interest *(net)*	**(33.3)**	(34.9)	(36.0)
Net income	**20.3**	16.8	10.9

Iroquois Gas Transmission System

The Company has a 29 per cent interest in the Iroquois Gas Transmission System L.P. which owns a pipeline system (Iroquois System), extending from Iroquois, Ontario, across the St. Lawrence River, through the states of New York and Connecticut to Long Island, New York. The Iroquois System was constructed during 1991 and commenced operation on December 1, 1991.

The following sets out summarized financial information for the Iroquois System:

December 31 (millions of US dollars)	**1992**	1991
Natural gas transmission plant *(net)*	**651.1**	631.1
Current assets	**82.9**	10.5
Deferred charges	**4.6**	1.6
Current liabilities	**(28.0)**	(62.7)
Deferred credits	**(4.7)**	–
Long-term debt	**(522.6)**	(428.5)
Equity	**183.3**	152.0

Year ended December 31 (millions of US dollars)	**1992**	1991
Operating revenues	**91.8**	1.7
Operating expenses	**(45.9)**	(2.7)
Allowance for funds used during construction	**1.7**	37.4
Interest *(net)*	**(28.8)**	(8.4)
Net income	**18.8**	28.0

OCEAN STATE POWER PLANT

The Company has a 40 per cent equity interest in the partnership which owns the Ocean State Power combined-cycle power generation plant (Ocean State Power Plant) located in Rhode Island. On December 31, 1990, Phase I of the Ocean State Power Plant commenced commercial production. Phase II commenced commercial production on October 1, 1991.

The following sets out summarized financial information for the Ocean State Power Plant:

December 31 (millions of US dollars)	**1992**	1991
Plant, property and equipment *(net)*	**372.5**	392.3
Current assets	**48.5**	71.8
Deferred charges	**13.3**	12.5
Current liabilities	**(25.8)**	(43.9)
Deferred credits	**(18.5)**	(6.7)
Long–term debt	**(193.1)**	(205.0)
Equity	**196.9**	221.0

Year ended December 31 (millions of US dollars)	**1992**	1991
Operating revenues	**215.6**	130.9
Operating expenses	**(154.7)**	(89.9)
Interest *(net)*	**(12.3)**	(10.6)
Net income	**48.6**	30.4

ALBERTA NATURAL GAS COMPANY LTD

On June 30, 1992, the Company purchased 10.49 million or 49.98 per cent of the common shares of Alberta Natural Gas Company Ltd (ANG) from Pacific Gas Transmission Company at a cost of $117.2 million. ANG operates a pipeline which extends from the Alberta/British Columbia border through southeastern British Columbia, to the Canada/United States border near Kingsgate, B.C. ANG also produces and markets nitroparaffins and their derivatives and operates a natural gas liquids and ethane extraction plant.

The acquisition was accounted for by the purchase method and the purchase price was allocated as follows:

Purchase price	**117.2**
Book value of net identifiable assets acquired	**30.7**
	86.5
Portion allocated to net identifiable assets	**64.0**
Goodwill – amortized over 20 years	**22.5**

To maintain its ownership interest, the Company exercised its rights under ANG's rights offering in October 1992, acquiring 2.3 million common shares at a cost of $29.7 million. The quoted market value of the Company's investment in ANG's common shares was approximately $201 million at December 31, 1992.

The following sets out summarized financial information for Alberta Natural Gas Company Ltd:

December 31 (millions of dollars)	**1992**
Plant, property and equipment *(net)*	**289.0**
Current assets	**168.9**
Deferred charges and other	**44.6**
Current liabilities	**(159.3)**
Deferred credits	**(49.9)**
Long-term debt	**(122.6)**
Equity	**170.7**

Six months ended December 31 (millions of dollars)	**1992**
Operating revenues	**242.4**
Operating expenses	**(217.5)**
Interest *(net)*	**(9.5)**
Other	**1.5**
Income before income taxes	**16.9**
Income taxes	**(7.4)**
Net income	**9.5**

NOTE 5 CASH AND DEBT MANAGEMENT

The Company utilizes various financial instruments to reduce its exposure to fluctuations in interest and currency rates. The Company's credit risk with respect to these instruments is the possibility that a party to a transaction fails to perform according to the terms of the contract. At December 31, 1992, this credit risk amounted to $53.5 million with respect to interest rate and currency swap transactions and $5.3 million with respect to foreign exchange transactions. This credit risk is minimized by dealing only with highly rated domestic and international financial institutions. The largest exposure to a single institution, at December 31, 1992, is $24.8 million.

At December 31, 1992, the Company had net assets denominated in United States dollars of approximately US $482.4 million (December 31, 1991 – US $415.3 million). At December 31, 1992, the Company had foreign exchange contracts and cross-currency swaps outstanding to create U.S. dollar obligations totalling US $205.0 million (December 31, 1991 – US $296.8 million) in order to reduce the effect of changes in the U.S./Cdn. dollar exchange rate on its net asset position. Premiums with respect to these instruments are deferred and amortized to income over the terms of the contracts.

The following summarizes the Company's position with respect to cash and short-term investments and notes payable as at December 31, 1992 and 1991:

(a) Cash and Short-Term Investments

	Balance at End of Year	Weighted Average Rate Per Annum End of Year	Average Amount Outstanding During the Year	Weighted Average Rate Per Annum During the Year
	(millions of dollars)		*(millions of dollars)*	
1992				
Term Deposits				
in Cdn.$ accounts	**350.1**	**6.9%**	**367.1**	**6.6%**
in US $ accounts	**219.7**	**5.7%**	**222.6**	**3.9%**
Other	**29.1**	**4.8%**	**36.1**	**5.1%**
	598.9			
1991				
Term Deposits				
in Cdn.$ accounts	330.6	7.5%	513.8	9.5%
in US $ accounts	147.4	4.6%	283.1	6.7%
Other	42.5	7.3%	41.8	8.5%
	520.5			

With respect to interest rate risk management of the cash and short-term investments included in the table above, at December 31, 1992, the Company had forward rate agreements with notional principal amounts totalling approximately $75.0 million (December 31, 1991 – $236.0 million). During 1991 the Company had swapped interest obligations with notional principal amounts totalling approximately $200.0 million.

(b) Notes Payable

	Balance at End of Year	Weighted Average Rate Per Annum End of Year	Average Amount Outstanding During the Year	Weighted Average Rate Per Annum During the Year
	(millions of dollars)		*(millions of dollars)*	
1992				
Bank loans	**154.2**	**8.1%**	**34.4**	**7.7%**
Commercial paper	**9.9**	**8.5%**	**173.0**	**6.8%**
	164.1			

There were no significant amounts of bank loans or commercial paper outstanding during 1991.

The Company had unused lines of credit of $611.9 million at December 31, 1992, (1991 – $970.3 million) for the purpose of supporting the Company's commercial paper program and for general corporate needs. These borrowing arrangements are available to the Company at prime rates of Canadian chartered banks and on other negotiated financial bases. The cost to maintain the unused portion of the lines of credit was approximately $1.0 million for the years ended 1992 and 1991.

NOTE 6 LONG-TERM DEBT

		1992		1991	
	Maturity Dates	**Outstanding December 31 (1)**	**Average Interest Rate (2)**	Outstanding December 31 (1)	Average Interest Rate (2)
Gas Transmission Segment					
First Mortgage Pipe Line Bonds					
Denominated in Canadian dollars	1993	**3.6**	**8.9%**	18.4	9.1%
Denominated in United States dollars *(1992 US $282.1; 1991 US $311.5)*	1996 and 1997	**358.6**	**16.2%**	360.0	16.2%
Denominated in Pounds Sterling *(1992 £25.0; 1991 £25.0)*	2007	**48.0**	**16.5%**	54.0	16.5%
Debentures					
Denominated in Canadian dollars	1996 to 2020	**1,629.8**	**11.0%**	1,572.0	11.0%
Denominated in United States dollars *(1992 US $800.0; 1991 US $400.0)*	2012 to 2023	**1,017.0**	**9.2%**	462.2	9.9%
Notes					
Denominated in Canadian dollars	1996 to 2002	**507.1**	**9.2%**	–	–
Denominated in New Zealand dollars *(1992 NZ $125.0; 1991 NZ $125.0) (3)*	1993	**104.1**	**14.3%**	104.1	14.6%
		3,668.2		2,570.7	
Foreign exchange differential recoverable through the tollmaking process		**(90.5)**		(0.1)	
Total		**3,577.7**		2,570.6	
Other					
Debentures					
Denominated in Canadian dollars	1993	**100.0**	**11.7%**	100.0	11.7%
Subordinated Debentures					
Denominated in United States dollars *(1992 US $200.0; 1991 US $200.0)*	2006	**254.2**	**9.1%**	231.1	8.6%
Notes					
Denominated in Canadian dollars	1997 and 2002	**24.8**	**8.5%**	–	–
Denominated in Swiss francs *(1992 SFr. 521.2; 1991 SFr. 642.6) (4)*	1993 to 1995	**399.3**	**7.9%**	485.9	8.1%
Denominated in New Zealand dollars *(1992 NZ $175.0; 1991 NZ $175.0) (3)*	1993	**116.2**	**14.1%**	116.2	14.5%
Total		**894.5**		933.2	
Total long-term debt		**4,472.2**		3,503.8	
Less: due within one year		**577.4**		134.2	
		3,894.8		3,369.6	

(1) *Amounts outstanding are stated in millions of Canadian dollars; amounts denominated in currencies other than Canadian dollars are stated in millions.*

(2) *Current weighted average interest rates are stated as at the respective outstanding dates and include, where applicable, effective interest rates arising from swaps.*

(3) *The amounts denominated in New Zealand dollars were exchanged for Canadian obligations through a series of forward foreign exchange contracts.*

(4) *As at December 31, 1992, 417.2 million Swiss francs have been exchanged through swap agreements into Cdn. $335.7 million (December 31, 1991, 538.6 million Swiss francs into Cdn. $428.1 million) and 104.0 million Swiss francs have been exchanged through a swap agreement into US $50.0 million (December 31, 1991 – 104.0 million Swiss francs into US $50.0 million).*

First Mortgage Pipe Line Bonds

The Deed of Trust and Mortgage securing the Company's First Mortgage Pipe Line Bonds provides for a first charge on all real and immovable property and rights of the Company and on substantially all of the Company's gas transmission, gas purchase, gas sales and gas product sales contracts and also provides for a first floating charge on all remaining assets. All series of bonds, with the exception of the series denominated in Pounds Sterling, are subject to mandatory sinking fund provisions which require the Company to retire prescribed amounts of each series annually prior to maturity.

Debentures and Subordinated Debentures

During 1992 and 1991, the Company issued debentures and subordinated debentures, the terms of which are as follows:

Issue	Principal Amount	Maturity Date	Interest Rate
	(millions of dollars)		
1992	**US $200**	**May 15, 2012**	**8.625% paid semi-annually**
	US $200	**March 20, 2023**	**8.500% paid semi-annually**
	$100	**December 20, 2017**	**9.800% paid semi-annually**
1991	US $400	January 1, 2021	9.875% paid semi-annually
	US $200	April 20, 2006	9.125% paid semi-annually

In December 1992, the Company filed a shelf prospectus in Canada for the offering, during the next two years, of up to $500 million of debentures. At the same time, the Company filed a shelf prospectus in the United States for a similar offering of up to US $500 million of debentures, also during the next two years. No debentures have been issued under these prospectuses.

Notes

The Company has established a Medium Term Note Program that allows for the issuance of notes with a wide range of maturities. The program was initially established for $500 million and in 1992 the authorized limit was increased to $800 million.

The effective interest cost of the New Zealand notes over the term of the issues is fixed at a rate of 10.72 per cent per annum on the portion financing the Gas Transmission segment and is at a floating rate approximating bankers' acceptances on the other portion. The notes rank equally with the debentures and mature in January 1993.

Mandatory Retirements

In addition to purchase fund requirements which are applicable in certain circumstances, mandatory retirements of all long-term debt of the Company, as a result of maturities and sinking fund obligations, approximate: 1993 – $577.4 million; 1994 – $106.0 million; 1995 – $132.4 million; 1996 – $344.7 million; and 1997 – $245.6 million.

NOTE 7 FINANCIAL CHARGES

Year ended December 31 (millions of dollars)	**1992**	1991	1990
Interest on long-term debt	**446.6**	403.8	331.9
Amortization of foreign exchange contract premiums	**(17.2)**	(15.5)	(31.4)
Interest on long-term debt *(net)*	**429.4**	388.3	300.5
Regulatory deferrals and amortizations	**(12.9)**	(4.3)	(12.7)
Non-regulatory foreign exchange losses	**14.6**	17.6	20.8
Short-term interest and other financial charges	**13.4**	1.8	28.6
Interest capitalized	**(1.3)**	(2.6)	–
	13.8	12.5	36.7
	443.2	400.8	337.2

The Company made interest payments of $448.7 million, $399.0 million and $349.0 million for the years ended December 31, 1992, 1991 and 1990, respectively.

NOTE 8 CONVERTIBLE DEBENTURES

On December 20, 1991, the Company issued $150 million of ten-year convertible subordinated debentures at an interest rate of 10.426 per cent. The debentures are convertible, at the holder's option, into common shares at a price of $23.041 and are redeemable by the Company, under certain circumstances, after June 20, 1995. The Company may elect to pay interest, or principal on redemption or at maturity, in common or preferred shares of the Company subject to the debenture holder's right to receive a cash payment.

NOTE 9 INCOME TAXES

(a) The geographic components of income before income taxes are summarized below:

Year ended December 31 (millions of dollars)	**1992**	1991	1990
Canada	**335.1**	260.7	170.3
Foreign	**123.8**	88.0	110.5
	458.9	348.7	280.8

(b) The provision for income taxes is summarized as follows:

Year ended December 31 (millions of dollars)	**1992**	1991	1990
Current			
Canada	**93.7**	120.9	35.6
Foreign	**9.8**	6.3	5.8
	103.5	127.2	41.4
Deferred			
Canada	**12.7**	(36.6)	21.5
Foreign	**14.0**	6.9	3.0
	26.7	(29.7)	24.5
	130.2	97.5	65.9

(c) Deferred income taxes result from timing differences in the recognition of revenue and expense for tax and financial statement purposes. The sources of these differences and their effect on income taxes are as follows:

Year ended December 31 (millions of dollars)	**1992**	1991	1990
Capital cost allowance in excess of depreciation	**7.7**	3.9	1.1
Deferred amounts	**10.9**	(34.5)	28.4
Other	**8.1**	0.9	(5.0)
	26.7	(29.7)	24.5

(d) Income tax expense differs from the amount computed by applying the basic Canadian federal income tax rate to income before income taxes. The reasons for these differences are as follows:

Year ended December 31 (millions of dollars)	**1992**	1991	1990
Income before income taxes	**458.9**	348.7	280.8
Less:			
Income not subject to tax currently *(f)*	**(118.5)**	(106.2)	(76.6)
	340.4	242.5	204.2
Federal statutory tax rate	**38.8%**	38.8%	38.8%
Expected income tax expense	**132.1**	94.1	79.2
Non-deductible capital losses	**4.9**	7.7	–
Net difference between the federal statutory tax rate and rates of provincial, state and foreign authorities	**(8.6)**	(1.6)	1.0
Utilization of prior years' operating losses	**(11.7)**	(10.6)	(27.3)
Large Corporations Tax	**12.4**	10.3	7.3
Other	**1.1**	(2.4)	5.7
Actual income tax expense	**130.2**	97.5	65.9

(e) At December 31, 1992, the Company's United States subsidiaries had net operating losses carried forward for accounting purposes of approximately US $84.3 million for which the future tax benefits have not been recorded. The net operating losses carried forward for tax purposes of US $202.9 million differ from the accounting losses primarily because of timing differences as described in (c) above. The accumulated tax losses can be carried forward and, subject to certain limitations, applied to reduce future taxable income of these subsidiaries. To the extent not used, these tax losses expire as follows: 1999 – US $1.3 million; 2000 – US $79.1 million; 2001 – US $63.6 million; 2002 – US $37.5 million; 2005 – US $12.6 million; and 2006 – US $8.8 million.

(f) The Company follows the taxes payable method of accounting for those income taxes related to the operations of the Gas Transmission segment. Had the deferral method of tax allocation accounting been prescribed by the NEB for this segment from the date of commencement of operations, additional deferred income taxes in the amount of $562.0 million to December 31, 1992 (December 31, 1991 – $491.9 million) would have been recorded and recovered in tolls to date through the tollmaking process.

(g) The Company made income tax payments of $152.3 million, $22.5 million and $36.9 million during the years ended December 31, 1992, 1991 and 1990, respectively.

NOTE 10 PREFERRED SHARES

The authorized number of preferred shares issuable in series is unlimited. Details of the Company's cumulative redeemable first preferred shares, all of which are without par value, are:

December 31 (millions of dollars)	**1992**	1991	1990
First Preferred Shares *(1)*			
Cumulative redeemable shares			
$2.80 Series *(1992 – 557,168; 1991 – 569,768; 1990 – 574,868)*	**27.9**	28.5	28.7
Series O *(1992 and 1991 – 3,000,000; 1990 – Nil)*	**150.0**	150.0	–
Series P *(1992 – 2,600,000; 1991 and 1990 – Nil)*	**130.0**	–	–
Cumulative redeemable retractable shares			
Series H *(1992 – 39,791; 1991 – 39,991; 1990 – 40,091)*	**2.0**	2.0	2.0
Series I *(1992 – 68,820; 1991 – 70,920; 1990 – 71,020)*	**3.4**	3.5	3.6
Series J *(1992 – Nil; 1991 and 1990 – 1,600,000)*	**–**	80.0	80.0
Series N *(1992, 1991 and 1990 – 1,500,000)*	**75.0**	75.0	75.0
Cumulative redeemable perpetual shares			
Series K *(1992, 1991 and 1990 – 150)*	**75.0**	75.0	75.0
Series L *(1992, 1991 and 1990 – 100)*	**50.0**	50.0	50.0
Series M *(1992, 1991 and 1990 – 150)*	**75.0**	75.0	75.0
	588.3	539.0	389.3

(1) *During 1992, 1991 and 1990, 14,900, 5,300 and nil shares, respectively were purchased by the Company for cancellation. In 1992, the Cumulative Redeemable Retractable First Preferred Shares, Series J, were redeemed.*

Additional information pertaining to the Company's preferred shares outstanding as at December 31, 1992, is as follows:

First Preferred Share Issue	Stated Value Per Share	Dividend Rate Per Share	Redemption Dates and Price
$2.80 Series	$50	$2.80	redeemable any time at $50.50 per share
Series H	$50	$4.35	redeemable any time at the stated value per share
Series I	$50	$3.90	redeemable any time at the stated value per share
Series K	$500,000	$38,400	redeemable after October 31,1994, at the stated value per share
Series L	$500,000	$40,625	redeemable after December 1, 1995, at the stated value per share
Series M	$500,000	$42,750	redeemable after April 30, 1996, at the stated value per share
Series N	$50	$4.50	retractable February 1, 1996, and redeemable after January 31, 1996, at the stated value per share
Series O	$50	$3.95	redeemable after October 31, 1998, at $52 per share to October 31, 1999, reducing to $50 after October 31, 2001
Series P	$50	$3.875	redeemable after April 30, 1999, at $52 per share to April 30, 2000, reducing to $50 after April 30, 2002

The dividend rate per share on the Series K, Series L and Series M shares will be redetermined as of November 1, 1994, December 1, 1995, and May 1, 1996, respectively by one of: direct negotiation between the Company and the holders of such First Preferred Shares; bids solicited from investment dealers; or an auction procedure.

After October 31, 1998, the Company may elect to convert the Series O shares into common shares at 95 per cent of the then market price of the common shares or, with the agreement of Series O shareholders, into a new issue of preferred shares. In addition, after October 31, 2001, at the holders' option, the Series O shares can be converted into common shares at 95 per cent of the then market price of the common shares but, the Company has the option to satisfy the obligation in cash, a new issue of preferred shares, common shares or a combination thereof.

After April 30, 1999, the Company may elect to convert the Series P shares into common shares at 95 per cent of the then market price or, with the agreement of Series P shareholders, into a new issue of preferred shares. In addition, after April 30, 2002, at the holders' option, the Series P shares can be converted into common shares at 95 per cent of the then market price of the common shares but, the Company has the option to satisfy the obligation in cash, a new issue of preferred shares, common shares or a combination thereof.

NOTE 11 EQUITY PREFERRED SHARES

On April 28, 1992, the Company issued 12,500,000 Cumulative Equity Second Preferred Shares, Series B (Equity Preferred Shares) at a price of $16.125 per share. The Equity Preferred Shares provide a cumulative annual dividend of $1.25 per share and will be converted automatically into common shares of the Company on August 1, 1995. As a result of the automatic conversion feature, the Company has assumed the conversion of the Equity Preferred Shares took place at their issue date when calculating the average number of shares outstanding and per share data for use in determining net income per share, as described in Note 12.

NOTE 12 COMMON SHARES

The Company is authorized to issue an unlimited number of common shares of no par value. Details of the Company's common shares are:

	Number of Shares	Amount in Millions of Dollars
Outstanding – January 1, 1990	152,641,611	400.2
Issued for cash or cash equivalent		
Under the dividend reinvestment and share purchase plan	1,532,013	23.7
Exercise of options	14,251	0.2
Cancellation of common shares	(385)	–
Outstanding – December 31, 1990	154,187,490	424.1
Issued for cash or cash equivalent		
Under public offering	15,500,000	260.7
Under the dividend reinvestment and share purchase plan	1,654,501	25.3
Exercise of options	35,629	0.6
Cancellation of common shares	(336)	–
Outstanding – December 31, 1991	171,377,284	710.7
Issued for cash or cash equivalent		
Under private placement	**2,000,000**	**34.7**
Under the dividend reinvestment and share purchase plan	**2,646,383**	**45.6**
Exercise of options	**30,600**	**0.5**
Cancellation of common shares	**(42,323)**	**(0.5)**
Outstanding – December 31, 1992	**176,011,944**	**791.0**

Equity Issues

On December 30, 1992, the Company issued by way of private placement, 2,000,000 common shares at a price of $17.625 per share. The net after tax cash proceeds were $34.7 million.

On June 14, 1991, the Company issued 15,500,000 common shares. Of the total issued, 9,750,000 shares were issued in Canada at a price of $17.25 per share, while the remaining 5,750,000 shares were issued in the United States at a price of US $15.046 ($17.25) per share. The net after tax cash proceeds were $260.7 million.

Net Income per Share

Net income per share for the respective years is calculated by deducting from net income dividends applicable to preferred shares (redeemable) of $46.7 million, $31.8 million, and $25.4 million for the years ended December 31, 1992, 1991 and 1990, respectively. The result is divided by the weighted average number of equity preferred and common shares outstanding. The weighted average number of shares for the years ended December 31, 1992, 1991 and 1990 are 181,115,503, 163,628,231 and 153,554,906, respectively. Fully diluted earnings per share have not been presented as the effect of potential dilution of convertible debentures, preferred shares, Series O and P and options is not material.

Employee Stock Incentive Plan

The Company has a Key Employee Stock Incentive Plan (KESIP). KESIP permits the award of options to purchase the Company's common shares to certain key employees, some of whom are also officers. Options may be exercised at a price which is determined at the time the option is awarded. Generally, 20 per cent of the common shares subject to an option may be purchased at the end of each year following the award date of the option. KESIP also has a share purchase feature. No shares have been offered or sold to any key employee under this feature since 1987.

Options	Number of Shares	Exercise Prices	Shares Exercisable
Outstanding at January 1, 1991	801,009	$14.70 – $17.125	156,749
Granted	436,500	$17.35	
Exercised	(35,629)	$14.70 – $17.125	
Cancelled or expired	(15,280)	$14.70 – $17.125	
Outstanding at December 31, 1991	1,186,600	$14.70 – $17.35	284,560
Granted	**465,900**	**$17.50**	
Exercised	**(30,600)**	**$14.70 – $17.125**	
Cancelled or expired	**(13,680)**	**$14.70 – $17.125**	
Outstanding at December 31, 1992	**1,608,220**	**$14.70 – $17.50**	**489,660**

Common Shares Reserved

The maximum number of common shares of the Company that may be issued under KESIP is 15.0 million shares subject to an annual limitation of 1.2 million shares. At December 31, 1992, approximately 9.3 million shares remained to be issued under KESIP. At December 31, 1992, 242,510 common shares have been set aside and reserved for future issuance under KESIP and 550,000 common shares have been reserved for future issuance pursuant to the Company's Employee Savings Plan.

NOTE 13 PAYMENTS ON FUTURE GAS SUPPLY

The majority of the Company's gas purchase contracts include provisions which require the Company to make payments (prepayments) to producers for gas to be delivered in future years (prepaid gas) if it is unable to nominate for delivery of specified minimum annual quantities of gas. During the contract year ended October 31, 1991, the Company nominated less than the aggregated minimum quantity. A significant number of producers waived their rights to receive prepayments for this period. In addition, a number of producers waived all rights to future prepayments. During the contract year ended October 31, 1992, the Company again nominated less than the aggregated minimum quantity but because of indications received from producers, the Company does not expect that any prepayments which may be made will be material. The Company has no prepayment obligations after 1994. Costs associated with financing prepayments are recovered by the Company through producers' agreements or pursuant to regulations made by the Province of Alberta.

The Company's risk with respect to the recovery of these prepayments is the possibility that a producer will fail to deliver prepaid gas as scheduled. This risk is mitigated by a number of factors including cross-dedication of reserves on certain contracts with producers and joint and several obligations in multi-party contracts. In addition, the Company monitors the financial and deliverability capabilities of producers and implements special recovery measures as necessary.

NOTE 14 DEFERRED AMOUNTS

December 31 (millions of dollars)	**1992**	1991
Subject to regulation	**119.8**	69.3
Not subject to regulation:		
Unamortized foreign exchange losses	**12.8**	27.6
Other deferred amounts	**17.2**	(5.6)
	149.8	91.3

The deferred amounts subject to regulation are amortized and recovered or refunded in future periods through the regulatory process. The remaining amortization of the unamortized foreign exchange losses, on an after tax basis, will approximate: 1993 – $8 million, 1994 – $4 million and 1995 – $1 million.

NOTE 15 PENSION PLANS

The Company has a non-contributory pension plan and a Supplemental Retirement Plan (SRP). The non-contributory pension plan covers all employees who have completed one year of service and provides a defined benefit pension based on length of service and the employee's final average earnings. The SRP provides a supplemental pension benefit to executives upon retirement.

The cost of pension benefits earned by employees is determined using the projected unit credit method pro rated over the service life of the employee group. This cost is charged to operations as services are rendered and reflects Management's best estimate of expected plan investment performance, salary escalation, terminations and retirement ages of plan members. Adjustments arising from plan amendments, changes in assumptions and experience gains and losses are amortized on a straight-line basis over the expected average remaining service life of the employee group.

The components of the Company's pension expense are detailed as follows:

Year ended December 31 (millions of dollars)	**1992**	1991	1990
Pension costs for benefits earned during the current period	**10.3**	9.7	9.8
Amortization of transition amount and other	**1.6**	2.2	2.9
Net pension expense	**11.9**	11.9	12.7

Contributions determined by the actuary are made annually to the non-contributory pension plan. These are intended to provide for benefits attributed to service to date. Obligations under the SRP are not pre-funded, but are paid directly to retired members of the plan.

The projected funded status of the Company's pension plans is as follows:

December 31 (millions of dollars)	**1992**	1991
Accumulated benefits based on service to date and current compensation:		
Vested	**145.6**	129.5
Non-vested	**4.8**	14.8
Accumulated benefit obligation	**150.4**	144.3
Additional amounts related to projected salary increases	**61.0**	49.1
Actuarial present value of current accumulated pension benefits	**211.4**	193.4
Pension plan assets	**188.0**	171.1
Deficit	**23.4**	22.3

Pension plan assets are stated at average market value using a five-year moving average and include marketable equity securities and corporate and government debt securities.

The discount rate used in determining the actuarial present value of the projected pension benefit obligation was 8.5 per cent. The rate of the return on pension plan assets was estimated to be 8.5 per cent per annum.

NOTE 16 RELATED PARTY TRANSACTIONS

Revenue from and payments by the Company to certain of its affiliates were as follows:

Year ended December 31 (millions of dollars)	**1992**	1991	1990
Gas Transmission and Gas Sales Revenues			
Great Lakes System	**–**	53.5	150.0
Ocean State Power Plant	**21.8**	1.8	–
ANG (from date of acquisition)	**18.1**	–	–
Charges for Gas Transmission Services			
Great Lakes System	**257.5**	145.2	138.7
TQM	**76.5**	74.3	69.3
Northern Border Pipeline Company	**15.7**	–	–

Amounts due from and to related parties were as follows:

December 31 (millions of dollars)	**1992**	1991
Accounts receivable	**8.2**	1.4
Accounts payable	**28.6**	23.2

In 1990, the Great Lakes System became an open access pipeline. In 1991, it ceased being a seller of natural gas and, as a result, no longer purchases natural gas from the Company. Offsetting this decrease in gas sales to the Great Lakes System, the Company has increased its level of direct gas sales to the former customers of the Great Lakes System.

In connection with the share purchase feature of KESIP, the Company provided loans prior to 1988 to certain of its employees. The outstanding balance of these loans totalled $13.8 million, $17.2 million and $23.8 million at December 31, 1992, 1991 and 1990, respectively.

In September 1990, the Company's major shareholder, BCE Inc. (BCE), announced that it would sell its common share position in the Company. Units, each consisting of one TransCanada PipeLines Limited common share and one warrant, were sold by BCE in October 1990, at a price of $17.00 per unit. Each warrant entitled the holder to purchase one TransCanada share from BCE until December 15, 1992, at a price of $17.50. At December 31, 1992, BCE's ownership in the Company was less than five per cent.

NOTE 17 RESTRICTION ON DIVIDENDS

Declaration of dividends on both preferred and common shares is restricted under certain preferred share provisions and under several debt instruments. At December 31, 1992, under the most restrictive provisions, approximately $300 million was permitted for the payment of dividends on common shares.

NOTE 18 (INCREASE)/DECREASE IN OPERATING WORKING CAPITAL

The following table sets forth the changes in the components of operating working capital:

Year ended December 31 (millions of dollars)	**1992**	1991	1990
Increase in accounts receivable	**(98.3)**	(46.5)	(15.7)
(Increase)/decrease in other current assets	**(42.2)**	(2.4)	2.9
Increase/(decrease) in accounts payable	**30.8**	113.6	(37.3)
(Decrease)/increase in income taxes payable	**(105.2)**	95.2	(1.3)
Increase in interest accrued	**12.2**	8.2	12.6
	(202.7)	168.1	(38.8)

NOTE 19 COMMITMENTS AND CONTINGENCIES

(a) Gas Supply

During 1982 and 1983, the Company concluded arrangements (referred to as the "Topgas Programs") with syndicates of banks and substantially all of its producers to finance its payments for prepaid gas incurred up to and including the contract year ended October 31, 1983. Pursuant to the Topgas Programs, Alberta corporations controlled by the banking syndicates (the "Topgas Companies") advanced approximately $2.7 billion to these producers in respect of these payments for prepaid gas. Pursuant to contractual arrangements, recovery of the advances commenced in 1984 and is being effected in instalments by the nomination for delivery of prepaid gas. Scheduled recovery of the prepaid gas for the Topgas Programs will be completed not later than 1994. As at December 31, 1992, approximately $358 million ($660 million as at December 31, 1991) remained outstanding. The Company has indemnified the Topgas Companies against losses arising due to the inability or failure of a producer to deliver prepaid gas. This indemnity amounts to the greater of 10 per cent of the advances outstanding and $25 million. Interest costs associated with the advances are being recovered by the Company through producers' agreements or pursuant to regulations made by the Province of Alberta. As of December 31, 1992, the indemnities total approximately $36 million (December 31, 1991 – $66 million).

The Company's risk with respect to the possibility that a producer will fail to deliver prepaid gas as scheduled is mitigated by a number of factors including cross-dedication of reserves on certain contracts with producers and joint and several obligations in multi-party contracts. In addition, the Company monitors the financial and deliverability capabilities of producers and implements special recovery measures as necessary.

(b) Guarantee of Debt of Encor

As at December 31, 1992 and 1991, the Company has guaranteed approximately $69 million of the outstanding debt of Encor Inc.

NOTE 20 SIGNIFICANT DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GAAP

The Company's Consolidated Financial Statements are prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP) which are different in some respects from those applicable in the United States. The following sets forth the reconciliation of these differences:

(a) Net income in accordance with U.S. GAAP:

Year ended December 31 (millions of dollars except per share amounts)	**1992**	1991	1990
Net income for the year as reported	**328.7**	251.2	214.9
U.S. GAAP adjustments:			
Foreign currency translation *(i)*	**14.8**	15.3	11.0
Income taxes *(ii)*	**(11.7)**	(10.6)	(27.3)
Income before extraordinary item	**331.8**	255.9	198.6
Reduction of income taxes from the application of prior years' losses *(ii)*	**11.7**	10.6	27.3
Net income for the year in accordance with U.S. GAAP	**343.5**	266.5	225.9
Per share data:			
Income before extraordinary item	**$1.57**	$1.37	$1.13
Extraordinary item	**0.07**	0.06	0.18
Net income	**$1.64**	$1.43	$1.31

(i) *Under Canadian GAAP, the Company defers unrealized foreign exchange gains and losses with respect to its borrowings in foreign currencies and amortizes them over the remaining life of such debt. Under U.S. GAAP, such gains and losses are immediately recognized in income in the period.*

(ii) *Under U.S. GAAP, the reduction of income taxes arising from the application of prior years' losses would be reported separately as an extraordinary item.*

(b) As a result of the Canadian/U.S. GAAP reconciliation and additional disclosure requirements under U.S. GAAP, the Statement of Consolidated Financial Position changes are:

	Amount reported under Canadian GAAP		Amount as adjusted to conform with U.S. GAAP	
December 31 (millions of dollars)	**1992**	1991	**1992**	1991
Deferred Amounts	**149.8**	91.3	**137.6**	64.3
Equity Preferred Shares and Common Shareholders' Equity	**2,098.2**	1,659.3	**2,072.4**	1,615.2

Under U.S. GAAP, Equity Preferred Shares and Common Shareholders' Equity has been reduced by the amounts receivable from employees in connection with KESIP.

(c) Additional information required under U.S. GAAP:

(i) In January 1991, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions". This statement would be effective, for the Company, January 1, 1995. The Company has not calculated the impact that the adoption of this new standard will have on its financial position and results of operations.

(ii) In December 1991, the FASB issued Statement of Financial Accounting Standards No. 107 "Disclosure about Fair Value of Financial Instruments". In accordance with this standard, the Company has estimated the fair value for each class of financial instruments.

The carrying amount of cash and short-term investments approximates fair value. The value of interest rate and currency swaps, foreign exchange contracts and forward rate agreements is approximately $42 million, at December 31, 1992, closing market rates. The fair values of long-term debt, convertible debentures and preferred shares (redeemable) have been estimated to be $5.1 billion, $167 million and $605 million, respectively, at December 31, 1992, by reference to quoted market prices for the same or similar issues.

(iii) In February 1992, the FASB issued Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes". This statement is effective for fiscal years beginning after December 15, 1992. Among other provisions, the Statement requires that deferred tax assets and liabilities be set up for temporary differences that will either result in taxable or deductible amounts in future years. These deferred tax assets and liabilities are adjusted for changes in tax rates. As at December 31, 1992, the Company has not yet calculated the impact that the adoption of this new standard will have on its financial position and results of operations.

(iv) The components of the Company's pension expense in accordance with U.S. GAAP are detailed as follows:

Year ended December 31 (millions of dollars)	**1992**	1991	1990
Current service cost	**7.9**	7.5	7.1
Interest on accrued benefits	**16.9**	15.5	15.3
Expected return on pension assets	**(15.6)**	(13.3)	(12.6)
Amortization of prior service cost	**1.9**	2.8	2.1
Amortization of transition amount	**(0.3)**	(0.3)	(0.3)
Net pension expense	**10.8**	12.2	11.6

There is no significant impact on income for any difference between Canadian and U.S. GAAP pension expense, as a major portion of the difference would be deferred and recognized in income in the future when recovered in the tollmaking process.

The funded status of the Company's pension plans for U.S. GAAP purposes is as follows:

December 31 (millions of dollars)	**1992**	1991
Projected benefit obligation	**211.4**	193.4
Pension assets – market value	**197.6**	177.7
Deficit	**(13.8)**	(15.7)
Unrecognized net loss	**2.7**	3.9
Unrecognized prior service cost	**17.6**	19.1
Unrecognized net transitional assets	**(5.2)**	(5.6)
Pension asset	**1.3**	1.7

The amount of deficit reported above is different than the amount calculated under Canadian GAAP as a result of differences in the valuation of pension assets. Under U.S. GAAP, pension assets are at market value, whereas under Canadian GAAP such assets are at an average market value using a five-year moving average.

SUPPLEMENTARY INFORMATION
QUARTERLY CONSOLIDATED FINANCIAL DATA

(Unaudited)

(A) SELECTED QUARTERLY FINANCIAL DATA

The following sets forth selected quarterly financial data for the four quarters of 1992 and 1991 in millions of dollars except for per share amounts.

Three months ended	Mar. 31	June 30	Sept. 30	Dec. 31
1992				
Revenues	**925.9**	**844.7**	**853.0**	**1,133.9**
Operating income	**159.9**	**160.3**	**163.4**	**198.5**
Net income	**79.5**	**81.0**	**83.9**	**84.3**
Net income per share	**$0.39**	**$0.39**	**$0.39**	**$0.39**
1991				
Revenues	849.2	711.7	681.2	852.0
Operating income	127.4	128.1	132.5	167.3
Net income	58.5	61.5	64.5	66.7
Net income per share	$0.33	$0.33	$0.34	$0.34

(B) PRICE RANGE OF COMMON SHARES

The Company's common shares are listed on the Vancouver, Alberta, Winnipeg, Toronto, Montréal and New York stock exchanges. The Toronto Stock Exchange is the principal market on which the Company's common shares are traded. The following table sets forth the quarterly high and low sales prices of the Company's common shares as reported by The Toronto Stock Exchange and New York Stock Exchange respectively:

	Toronto Stock Exchange		New York Stock Exchange	
	High	Low	High	Low
	(Cdn. $)		*(US $)*	
1992				
First Quarter	**$18.13**	**$16.25**	**$15.75**	**$13.75**
Second Quarter	**$17.63**	**$16.00**	**$14.63**	**$13.38**
Third Quarter	**$18.50**	**$17.50**	**$15.50**	**$14.50**
Fourth Quarter	**$18.13**	**$17.25**	**$14.63**	**$13.50**
1991				
First Quarter	$18.00	$16.50	$15.63	$14.25
Second Quarter	$17.88	$17.00	$15.63	$14.63
Third Quarter	$17.63	$16.00	$15.38	$14.00
Fourth Quarter	$18.00	$16.25	$15.88	$14.38

Investment Information For Foreign Investors

In Canada there are no restrictions on the export or import of capital which affect the Company's remittance of dividends, interest or other payments to its non-resident security holders.

Dividends paid by the Company to shareholders outside of Canada are subject to Canadian non-resident withholding tax. This tax is generally at the rate of 15 per cent for the United States and other countries where Canadian tax treaties apply and 25 per cent for non-treaty countries.

Interest payable on the Company's debt securities held by non-residents, which are not exempt institutions, will be subject to Canadian withholding tax depending upon the terms and provisions of such securities.

Dividend Reinvestment and Share Purchase Plan

This Plan allows common and preferred shareholders of the Company to purchase additional common shares of the Company by reinvesting their cash dividends and by making optional cash payments.

Shares acquired through the Plan with reinvested dividends are purchased at 95 per cent of the average market price and shares acquired with optional cash payments are purchased at 100 per cent of the average market price. There are no brokerage commissions payable under the Plan since participants purchase the new common shares directly from the Company and all administrative costs of the Plan are paid by the Company.

Shareholders who wish more information regarding the Plan should contact the Shareholder Services department at the Company's Corporate Offices.

Registered Common Shareholders and Dividends

As of February 22, 1993 there were 18,580 registered holders of common shares.

Quarterly dividends of 18 cents per common share were declared in the first three quarters of 1991. The 1991 fourth quarter dividend was increased to 19 cents per common share and remained constant throughout the first three quarters of 1992. In the fourth quarter of 1992, the quarterly dividend was increased to 21 cents per common share.

Declaration of dividends on both preferred and common shares is restricted under certain preferred share provisions and under several debt instruments. At December 31, 1992, under the most restrictive provisions, approximately $300 million was permitted for the payment of dividends on common shares.

Consolidated Ratio of Earnings to Fixed Charges

The following table sets forth the Company's consolidated ratio of earnings to fixed charges for the periods indicated:

Year ended December 31	**1992**	1991	1990	1989	1988
Ratio of earnings to fixed charges (1)	**2.0**	1.8	1.8	1.8	1.6

(1) *The ratio of earnings to fixed charges is determined by dividing the financial charges incurred by the Company (before capitalized interest) into its income from continuing operations before financial charges and income taxes, excluding undistributed income of less than 50 per cent owned persons. The financial data used in the calculation of the ratio of earnings to fixed charges was obtained from financial statements that were prepared in accordance with Canadian generally accepted accounting principles.*

The following table sets forth the Company's consolidated ratio of earnings to fixed charges for the periods indicated, determined in the manner described in note (1) above, but utilizing similar information determined in accordance with United States generally accepted accounting principles.

Year ended December 31	**1992**	1991	1990	1989	1988
Ratio of earnings to fixed charges	**2.0**	1.9	1.9	2.0	3.1

For information regarding significant differences between Canadian and United States generally accepted accounting principles, see Note 20 to the Company's consolidated financial statements.

FIVE-YEAR FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL

(millions of dollars except where indicated)	**1992**	1991	1990	1989	1988
Operating Results					
Revenues	**3,757.5**	3,094.1	3,033.2	3,082.9	3,268.7
Operating income	**682.1**	555.3	452.5	429.5	467.6
Income from continuing operations	**328.7**	251.2	214.9	210.1	72.3
Loss from discontinued operations	–	–	–	(13.4)	(80.9)
Net income/(loss) for the year	**328.7**	251.2	214.9	196.7	(8.6)
Assets					
Plant, property and equipment *(net)*					
Gas transmission	**5,876.1**	4,727.0	3,469.5	3,115.1	2,541.9
Gas sales, marketing and other	**124.5**	119.9	100.6	88.6	89.5
Total assets	**8,236.6**	6,604.7	5,239.8	4,623.4	5,022.9
Capitalization					
Long-term debt	**3,894.8**	3,369.6	2,859.3	2,443.7	2,137.2
Preferred shares					
Subject to mandatory redemption	**75.0**	155.0	155.0	240.0	315.0
Not subject to mandatory redemption	**513.3**	384.0	234.3	103.7	128.9
Equity preferred shares and common shareholders' equity	**2,098.2**	1,659.3	1,280.4	1,169.2	1,766.1
Cash Flow Data					
Funds generated from continuing operations	**486.9**	337.1	341.1	289.7	286.5
Capital expenditures and investments *(net)*	**1,462.2**	1,569.7	579.2	677.4	141.2
Share Statistics					
Net income/(loss) per share					
Income from continuing operations	**$ 1.56**	$ 1.34	$ 1.23	$ 1.18	$ 0.24
Loss from discontinued operations	–	–	–	$ (0.09)	$ (0.55)
Net income/(loss) for the year	**$ 1.56**	$ 1.34	$ 1.23	$ 1.09	$ (0.31)
Dividends declared per common share	**$ 0.78**	$ 0.73	$ 0.69	$ 0.68	$ 0.68
Funds generated from continuing operations per share	**$ 2.69**	$ 2.06	$ 2.22	$ 1.91	$ 1.96
Number of Common Shareholders, December 31	**18,639**	18,871	17,733	19,254	22,636
Number of Regular Employees, December 31	**1,791**	1,784	1,757	1,765	1,939
In Accordance with U.S. GAAP					
Income from continuing operations	**331.8**	255.9	198.6	229.1	275.9
Loss from discontinued operations	–	–	–	(3.0)	(79.4)
Net income/(loss) for the year	**343.5**	266.5	225.9	247.2	196.5
Net income/(loss) per share					
Income from continuing operations	**$ 1.57**	$ 1.37	$ 1.13	$ 1.30	$ 1.63
Loss from discontinued operations	–	–	–	$ (0.02)	$ (0.54)
Net income/(loss) for the year	**$ 1.64**	$ 1.43	$ 1.31	$ 1.42	$ 1.09
Equity preferred shares and common shareholders' equity	**2,072.4**	1,615.2	1,214.4	1,086.1	1,088.7

OPERATING

Gas transmission volumes delivered *(billions of cubic feet)*					
Annual	**1,971.3**	1,655.1	1,509.6	1,418.0	1,345.6
Maximum per day	**5.7**	5.5	5.1	5.0	5.0
Kilometres of pipeline – including loop line	**13,106**	12 242	11 400	11 039	10 675
Compressor power *(kilowatts)*	**1 581 600**	1 282 300	1 210 700	1 059 400	1 027 400

CORPORATE INFORMATION

(As of December 31, 1992)

DIRECTORS

J.V. Raymond Cyr, O.C.
Chairman, BCE Inc., Montréal

Robert E. Dineen, Jr.
Partner, Shearman & Sterling
New York

Wendy Dobson
Professor, Faculty of Management
University of Toronto, Toronto

L. Yves Fortier, C.C., Q.C.
Chairman and a Senior Partner
Ogilvy Renault, Montréal

Robert H. Jones
Corporate Director, Winnipeg

Thomas E. Kierans
President and Chief Executive Officer
C.D. Howe Institute, Toronto

The Hon. Donald S. Macdonald, P.C.
Counsel, McCarthy Tétrault, Toronto

Gerald J. Maier
Chairman, President and
Chief Executive Officer
TransCanada PipeLines Limited, Calgary

Gordon P. Osler
Corporate Director, Toronto

Herbert C. Pinder, Sr.
President
Saskatoon Trading Company Limited
Saskatoon

Harry G. Schaefer
Chairman of the Board
and Chief Financial Officer
TransAlta Utilities Corporation
Calgary

Neil J. Stewart
Corporate Director, Victoria

Robert Stollery
Chairman, PCL Constructors Inc.
Edmonton

Allan R. Taylor
Chairman and Chief Executive Officer
Royal Bank of Canada, Toronto

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT	EXECUTIVE	HUMAN RESOURCES	NOMINATING
R.H. Jones – *Chairman*	G. J. Maier – *Chairman*	J.V.R. Cyr – *Chairman*	G.P. Osler – *Chairman*
R.E. Dineen, Jr.	J.V.R. Cyr	G.P. Osler	J.V.R. Cyr
W. Dobson	D.S. Macdonald	H.C. Pinder, Sr.	R. Stollery
L.Y. Fortier	G.P. Osler	N.J. Stewart	G.J. Maier
T.E. Kierans	A.R. Taylor	A.R. Taylor	R.H. Jones
H.G. Schaefer			

EXECUTIVE OFFICERS

G.J. Maier
Chairman, President
and Chief Executive Officer

G.M. Hugh
Chief Operating Officer

G.W. Watson
Chief Financial Officer

R.A.M. Young, Q.C.
Senior Vice-President, Law
and Chief Compliance Officer

C.R. Frew
President, Western Gas Marketing

G.J. Couper
Senior Vice-President

M. Durnin
Senior Vice-President
Engineering and Operations

OFFICERS

J.K. Archambault
Vice-President

H.F. Button
Vice-President

E.J. Brown
Assistant Controller

D.J. Cohen
Vice-President, Information Systems

M. Feldman
Vice-President
Transmission System Planning

R.B. Hodgins
Vice-President, Finance and Treasurer

S. Jakymiw
Vice-President, Rates

J.M. Murray
Corporate Secretary
and General Counsel, Corporate

G.G. Penrose
Assistant Treasurer

D.E. Reid
Vice-President, Engineering

D. Russell
Vice-President

W.A. Scotland
Vice-President, Government Relations

L.W. Sloan
Assistant Secretary

R.T. Smith
Vice-President and Controller

J.W. Stinson
Vice-President, Human Resources

J.G. Walker
Vice-President, Operations

P.R. Wigle
Vice-President, Transportation

A.A. Wilkins
Vice-President, Gas Reserves

CORPORATE INFORMATION

WHOLLY OWNED SUBSIDIARIES

WESTERN GAS MARKETING LIMITED

G.J. Maier
Chairman

C.R. Frew
President

R.T. Smith
Senior Vice-President

S.D. Becker
Vice-President and Controller

D.M. Harvie
Vice-President,
Short Term Marketing

B.G. Luft
Vice President, Liquids and Storage

J.W.A. McDonald
Vice-President,
Supply and Transportation

M.A. Ross
Vice-President,
Long Term Marketing

L.W. Sloan
Vice-President, Secretary
and General Counsel

CANCARB LIMITED

R.D. Hale
President and
Chief Operating Officer

IROQUOIS PIPELINE OPERATING COMPANY

G.M. Hugh
Chairman

R.J. Reid
President

K.R. Austin
Vice-President, Engineering

P. Bailey
Vice-President,
Finance and Administration

B.M. Otis
Vice-President,
Transportation and Rates

J.A. Bruner
General Counsel and
Assistant Secretary

CORPORATE OFFICES

TRANSCANADA PIPELINES TOWER
111 – 5th Avenue S.W.
Calgary, Alberta
T2P 3Y6
Telephone: (403) 267-6100

TORONTO OFFICE
55 Yonge Street, 8th Floor
Toronto, Ontario
M5E 1J4
Telephone: (416) 869-2111

SUBSIDIARY OFFICES

CANCARB LIMITED
P.O. Box 310
1702 Brier Park Crescent N.W.
Medicine Hat, Alberta
T1A 7G1
Telephone: (403) 527-1121

IROQUOIS PIPELINE OPERATING COMPANY
1 Corporate Drive, Suite 606
Shelton, Connecticut, 06484
Telephone: (203) 925-7200

WESTERN GAS MARKETING LIMITED
530 – 8th Avenue S.W.
Calgary, Alberta
T2P 3V6
Telephone: (403) 269-5611

WESTERN GAS MARKETING INC.
Suite 1120, 11 Greenway Plaza
Houston, Texas 77046
Telephone: (713) 871-5900

OTHER SUBSIDIARIES

Cancarb Gas Services Limited
TCPL Cogeneration Ltd.
TCPL Holdings B.V.
TCPL Insurance Services Ltd.
TCPL Ireland Financial Services
TCPL Power Ltd.
TCPL Project Engineering Ltd.
TCPL Storage Ltd.
TCPL Ventures Ltd.
TransCan Finance Alberta Ltd.
TransCan Holdings (1991) Ltd.
TransCan Northern Ltd.
TransCanada Border PipeLine Ltd.
TransCanada GL, Inc.
TransCanada Iroquois Ltd.
TransCanada PipeLine Division Limited
TransCanada PipeLine USA Ltd.
TransCanada PipeLines Investments (Québec) Inc.

AFFILIATES

Alberta Natural Gas Company Ltd
Foothills Pipe Lines (Sask.) Ltd.
Great Lakes Gas Transmission System, L.P.
Iroquois Gas Transmission System, L.P.
Northern Border Pipeline Company
Ocean State Power
Trans Québec & Maritimes Pipeline Inc.

INVESTOR INFORMATION

COMMON SHARES

Transfer Agents and Registrars:
Montreal Trust Company,
Montréal, Toronto, Winnipeg,
Regina, Calgary and Vancouver
Bank of Montreal Trust Company,
New York

PREFERRED SHARES

Transfer Agents and Registrars:
Montreal Trust Company,
Montréal, Toronto, Winnipeg,
Regina, Calgary and Vancouver

$2.80 cumulative redeemable first preferred shares

Cumulative redeemable first preferred shares series H, series I, series O and series P

Cumulative redeemable retractable first preferred shares series N

Cumulative redeemable perpetual first preferred shares series K, series L and series M are transferable at the office of the Company

Cumulative equity second preferred shares series B

FIRST MORTGAGE PIPE LINE BONDS

Trustee:
National Trust Company, Toronto
(The R-M Trust Company, as Agent)

Registrar Canadian Series:
8⅞% series A and B
The R-M Trust Company, as Agent for National Trust Company, Trustee
Montréal, Toronto, Winnipeg, Calgary and Vancouver

Co-Registrars U.S. Series:
16% and 16¾% U.S.
The R-M Trust Company, as Agent for National Trust Company, Trustee and Morgan Guaranty Trust Company of New York

Co-Registrars U.K. Series:
16½% U.K.
The R-M Trust Company, as Agent for National Trust Company, Trustee and The Royal Bank of Scotland plc, London, England

DEBENTURES

Trustee and Registrar Canadian Series:
Montreal Trust Company,
Montréal, Toronto, Winnipeg,
Calgary and Vancouver
11.70% series I,
11.40% series J,
10.45% series K,
10.80% series L,
10.55% series M,
11.10% series N,
10.50% series O,
10.50% series P,
10.625% series Q,
11.85% series R,
11.90% series S,
11.65% series T
11.80% series U
9.80% series V
9.45% series W

Trustee and Registrar U.S. Series:
Bank of Montreal Trust Company
New York
9.875%, 8.625% and 8.50%

CONVERTIBLE SUBORDINATED DEBENTURES

Trustee and Registrar Canadian Series:
Montreal Trust Company, Calgary
10.426% Convertible

SUBORDINATED DEBENTURES

Trustee and Registrar U.S. Series:
The Bank of Nova Scotia Trust Company New York
9.125%

MEDIUM TERM NOTES

Paying Agent:
The Royal Trust Company, Montréal, Toronto, Winnipeg, Regina, Calgary and Vancouver

STOCK EXCHANGES

Common and preferred shares are listed on the Toronto, Montréal, Vancouver, Alberta and Winnipeg stock exchanges. The common shares are also listed on the New York Stock Exchange.

STOCK SYMBOLS

Common shares: TRP
$2.80 cumulative redeemable first preferred shares: TRP.PR.A
Cumulative redeemable retractable first preferred shares:
Series H: TRP.PR.H
Series I: TRP.PR.I
Series N: TRP.PR.N
Series O: TRP.PR.O
Cumulative equity second preferred shares: TRP.PR.P

The Company's Annual Information Form, as filed with the Canadian Securities Commissions and as filed under Form 40-F with the Securities and Exchange Commission in the United States, is available to common shareholders at no charge by writing to:

Corporate Secretary and
General Counsel, Corporate
TransCanada PipeLines Limited
P.O. Box 1000
Station M
Calgary, Alberta
T2P 4K5

Si vous désirez vous procurer un exemplaire de ce rapport en français, veuillez vous adresser à TransCanada PipeLines, secrétaire et directeur des services juridiques.

KAPUSKASING SMOOTH ROCK FALLS POTTER RAMORE SWASTIKA HAILEYBURY MARTEN RIVER NORTH BAY SUNDRIDGE BRACEBRIDGE BARRIE MAPLE ANCASTER LINCOLN BOWMANVILLE COBOURG

BELLEVILLE KINGSTON BROCKVILLE DEUX RIVIERES PEMBROKE STITTSVILLE CORNWALL LES CÈDRES CANDIAC BURSTALL CABRI HERBERT CARON REGINA GRENFELL MOOSOMIN RAPID CITY PORTAGE LA PRAIRIE ILE DES CHENES SPRUCE FALCON LAKE KENORA EAGLEHEAD

VERMILION BAY DRYDEN IGNACE MARTIN UPSALA RAITH THUNDER BAY HURKETT NIPIGON EAGLEHEAD JELLICOE GERALDTON KLOTZ LAKE HEARST CALSTOCK MATTICE KAPUSKASING MAPLE

SMOOTH ROCK FALLS POTTER RAMORE SWASTIKA HAILEYBURY MARTEN RIVER NORTH BAY SUNDRIDGE BRACEBRIDGE BARRIE ANCASTER LINCOLN BOWMANVILLE COBOURG BELLEVILLE KINGSTON BROCKVILLE IROQUOIS DEUX RIVIERES PEMBROKE STITTSVILLE LES CEDRES

MARK SUMMERS

In 1992, TransCanada PipeLines commissioned Canadian artist Mark Summers to illustrate a series of working portraits typical of our operations.

Mark Summers is a graduate of the Ontario College of Art where he was introduced to the scratchboard technique by the respected Canadian political cartoonist, Duncan Macpherson. His work is distinguished by its dense network of horizontal lines etched with exquisite precision. He is the recent recipient of two awards from the Society of Illustrators and his black and white portraits of literary and historical figures are a regular feature in the New York Times Book Review section.

This annual report has been printed on recycled paper as follows:

Cover contains 50% recycled fibre, 10% post-consumer waste

Narrative contains 50% recycled fibre, acid free

Financials contains 50% recycled fibre, 10% post-consumer waste

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TransCanada PipeLines

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