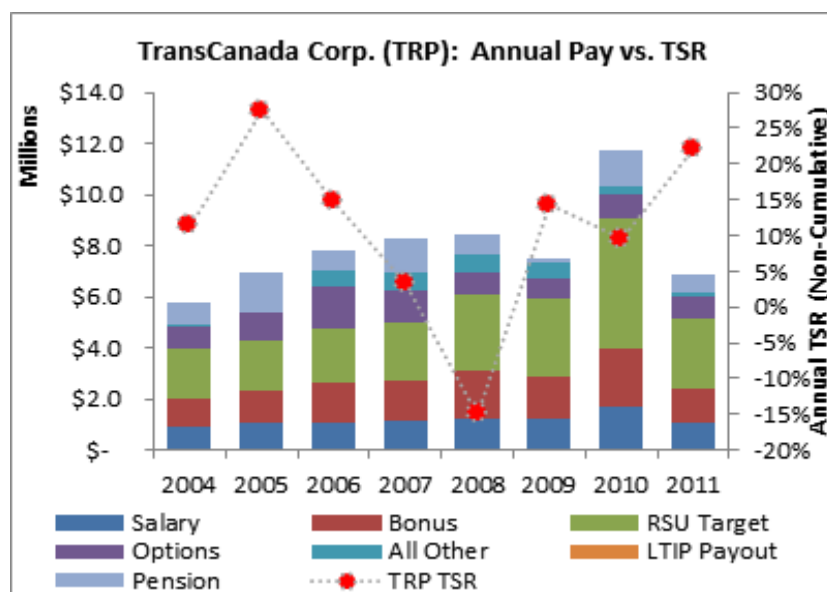
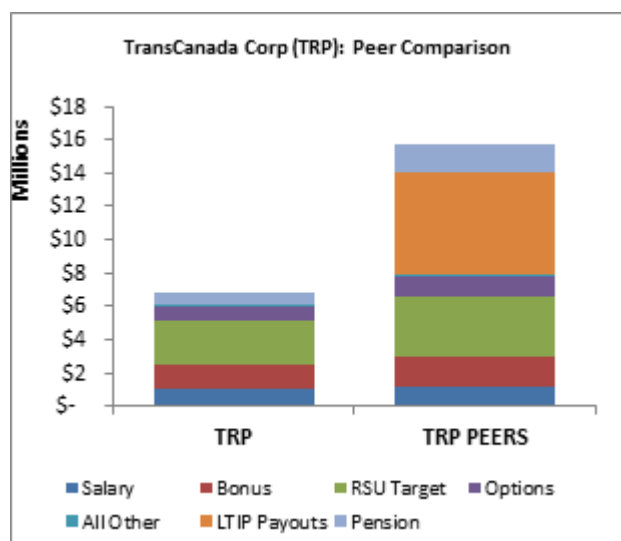


TransCanada Corp (TRP): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 1	4 YEAR = 3	6 YEAR = 5	8 YEAR = 8	TOTAL: 17/24

In 2010, Russell Girling replaced Harold Kvisle as CEO of TRP. This transition resulted in higher than usual CEO compensation costs in 2010. When pay levels returned to normal in 2011, the impact on year-over-year CEO pay change (-41%) was significant, causing misalignment in our 1-year observation. Alignment in our longer-term observations, however, was quite strong, resulting in a very good Pay for Performance Score of 17/24. **There is no indication in TRP's 2012 Information Circular that any significant changes have been made to their CEO pay approach going forward, and as such we expect to continue to see strong alignment in the future.**

In 2011, TRP's total CEO pay ranked 8th out of 9 peers. In Mr. Girling's first full year as CEO, his pay levels and balance were very similar to those of Mr. Kvisle before him.



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
NYSE:D	Dominion Resources Inc
NYSE:DTE	DTE Energy Company
NYSE:DUK	Duke Energy Corporation
NYSE:ETR	Entergy Corporation
NYSE:EXC	Exelon Corporation
NYSE:SO	Southern Company
NYSE:WMB	Williams Companies Inc
NYSE:XEL	Xcel Energy Inc

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	NYSE:WMB	37.9%	NYSE:WMB	21.0%	NYSE:EXC	4.5%
2	NYSE:DUK	30.1%	NYSE:EXC	17.3%	NYSE:SO	3.8%
3	NYSE:D	29.3%	NYSE:ETR	15.0%	NYSE:ETR	3.3%
4	NYSE:SO	26.8%	NYSE:SO	12.5%	TSE:TRP	3.1%
5	NYSE:DTE	25.8%	NYSE:D	12.3%	NYSE:D	3.1%
6	NYSE:XEL	22.2%	NYSE:DTE	10.1%	NYSE:XEL	2.8%
7	TSE:TRP	21.9%	NYSE:XEL	9.8%	NYSE:DTE	2.7%
8	NYSE:EXC	9.3%	TSE:TRP	9.5%	NYSE:DUK	2.7%
9	NYSE:ETR	8.2%	NYSE:DUK	7.5%	NYSE:WMB	2.3%
10						
11						

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	NYSE:D	\$13,879,296	NYSE:EXC	\$1,496,367	NYSE:EXC	\$2,472,673	NYSE:EXC	\$3,969,040	NYSE:DUK	\$6,559,468
2	NYSE:EXC	\$12,128,598	NYSE:ETR	\$1,300,852	NYSE:SO	\$2,432,300	NYSE:SO	\$3,485,064	NYSE:EXC	\$6,189,496
3	NYSE:SO	\$10,422,244	NYSE:D	\$1,206,664	NYSE:ETR	\$2,011,130	NYSE:ETR	\$3,311,982	NYSE:SO	\$4,452,171
4	NYSE:ETR	\$9,856,035	NYSE:DTE	\$1,087,595	NYSE:WMB	\$1,619,417	NYSE:DTE	\$2,690,877	NYSE:XEL	\$4,163,825
5	NYSE:XEL	\$9,117,114	TSE:TRP	\$1,083,338	NYSE:DTE	\$1,603,281	NYSE:WMB	\$2,509,579	NYSE:ETR	\$3,730,002
6	NYSE:DTE	\$7,322,419	NYSE:SO	\$1,052,764	TSE:TRP	\$1,350,000	TSE:TRP	\$2,433,338	TSE:TRP	\$3,587,345
7	NYSE:DUK	\$7,295,840	NYSE:XEL	\$976,191	NYSE:XEL	\$1,335,932	NYSE:D	\$2,341,621	NYSE:D	\$3,480,830
8	TSE:TRP	\$6,862,716	NYSE:WMB	\$890,162	NYSE:D	\$1,134,957	NYSE:XEL	\$2,312,122	NYSE:DTE	\$3,243,652
9	NYSE:WMB	\$6,207,935	NYSE:DUK	\$0	NYSE:DUK	\$0	NYSE:DUK	\$0	NYSE:WMB	\$2,970,875
10										
11										

PAY FOR PERFORMANCE SCORING

For 2012, the Clarkson Centre for Board Effectiveness (CCBE), prepared a Pay for Performance report for each firm currently listed on the TSX 60 Index that has at least 8 years of historical compensation or share price data available. The CCBE's Performance Score measures how closely CEO pay and TSR are aligned over four different time horizons. Compensation data is gathered from the firm's public filings, and valued at the time of grant. Options are valued using the binomial tree fair value method, and PSUs are valued at the grant date value of the target payout. TSR is calculated using a 30-day average start and end date share price, and assumes the reinvestment of dividends.

CCBE collected pay and performance data for up to ten peer companies for each TSX 60 constituent. Peer companies were selected from each TSX 60 constituent's performance benchmarking peer group, as disclosed in its most recent Management Information Circular. If a performance peer group was not disclosed, the CCBE collected information on the disclosed constituents of the total pay benchmarking peer group. If a peer group had more than 10 constituents, we randomly selected ten from among the disclosed list.

Our Pay for Performance Score takes into account alignment between change in CEO pay and TSR in 1-, 4-, 6- and 8-year observations. CEO pay change is 'smoothed' to account for outlying years. For example, in our 8-year observation we calculate CEO pay change as the percent change of the sum of total CEO pay from 2004-2007 against the sum of total CEO pay from 2008-2011. This helps to normalize our longer observations for unusual events like CEO turnover and large one-time payouts. The Pay for Performance Score gives significantly more weight to longer-term observations than shorter ones.

1-YEAR SCORE	4-YEAR SCORE	6-YEAR SCORE	8-YEAR SCORE
A = 3	A = 4	A = 7	A = 10
B = 3	B = 3	B = 5	B = 8
C = 2	C = 2	C = 3	C = 5
D = 1	D = 1	D = 1	D = 3
E = 0	E = 0	E = 0	E = 0

