

Condensed consolidated statement of income

	three months ended March 31	
(unaudited - millions of Canadian \$, except per share amounts)	2015	2014
Revenues		
Natural Gas Pipelines	1,305	1,215
Liquids Pipelines	443	359
Energy	1,126	1,310
	2,874	2,884
Income from Equity Investments	137	135
Operating and Other Expenses		
Plant operating costs and other	754	805
Commodity purchases resold	681	706
Property taxes	134	123
Depreciation and amortization	434	393
	2,003	2,027
Financial Charges		
Interest expense	318	274
Interest income and other expense	14	8
	332	282
Income before Income Taxes	676	710
Income Tax Expense		
Current	68	59
Deferred	139	162
	207	221
Net Income	469	489
Net income attributable to non-controlling interests	59	54
Net Income Attributable to Controlling Interests	410	435
Preferred share dividends	23	23
Net Income Attributable to Common Shares	387	412
Net Income per Common Share		
Basic and diluted	\$0.55	\$0.58
Dividends Declared per Common Share	\$0.52	\$0.48
Weighted Average Number of Common Shares (millions)		
Basic	709	708
Diluted	710	708

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statement of comprehensive income

(unaudited - millions of Canadian \$)	three months ended March 31	
	2015	2014
Net Income	469	489
Other Comprehensive Income, Net of Income Taxes		
Foreign currency translation gains on net investment in foreign operations	469	240
Change in fair value of net investment hedges	(266)	(127)
Change in fair value of cash flow hedges	15	31
Reclassification to net income of gains and losses on cash flow hedges	44	(62)
Reclassification to net income of actuarial gains and losses and prior service costs on pension and other post-retirement benefit plans	7	4
Other comprehensive income on equity investments	3	—
Other comprehensive income (Note 8)	272	86
Comprehensive Income	741	575
Comprehensive income attributable to non-controlling interests	207	98
Comprehensive Income Attributable to Controlling Interests	534	477
Preferred share dividends	23	25
Comprehensive Income Attributable to Common Shares	511	452

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statement of cash flows

(unaudited - millions of Canadian \$)	three months ended March 31	
	2015	2014
Cash Generated from Operations		
Net income	469	489
Depreciation and amortization	434	393
Deferred income taxes	139	162
Income from equity investments	(137)	(135)
Distributed earnings received from equity investments	135	170
Employee post-retirement benefits expense, net of funding	15	10
Equity AFUDC	(33)	(5)
Unrealized losses on financial instruments	118	13
Other	13	5
Increase in operating working capital	(393)	(123)
Net cash provided by operations	760	979
Investing Activities		
Capital expenditures	(806)	(744)
Capital projects under development	(201)	(104)
Equity investments	(93)	(89)
Deferred amounts and other	263	47
Net cash used in investing activities	(837)	(890)
Financing Activities		
Dividends on common shares	(341)	(325)
Dividends on preferred shares	(22)	(20)
Distributions paid to non-controlling interests	(54)	(45)
Notes payable issued/(repaid), net	279	(747)
Long-term debt issued, net of issue costs	2,277	1,364
Repayment of long-term debt	(1,016)	(777)
Common shares issued, net of issue costs	10	10
Preferred shares issued, net of issue costs	243	440
Partnership units of subsidiary issued, net of issue costs	4	—
Preferred shares of subsidiary redeemed	—	(200)
Net cash provided by/(used in) financing activities	1,380	(300)
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	29	33
Increase/(decrease) in Cash and Cash Equivalents	1,332	(178)
Cash and Cash Equivalents		
Beginning of period	489	927
Cash and Cash Equivalents		
End of period	1,821	749

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated balance sheet

(unaudited - millions of Canadian \$)		March 31, 2015	December 31, 2014
ASSETS			
Current Assets			
Cash and cash equivalents		1,821	489
Accounts receivable		1,419	1,313
Inventories		280	292
Other		1,589	1,446
		5,109	3,540
Plant, Property and Equipment,	net of accumulated depreciation of \$20,303 and \$19,563, respectively	44,211	41,774
Equity Investments		5,735	5,598
Regulatory Assets		1,247	1,297
Goodwill		4,410	4,034
Intangible and Other Assets		3,104	2,704
		63,816	58,947
LIABILITIES			
Current Liabilities			
Notes payable		2,818	2,467
Accounts payable and other		2,852	2,896
Accrued interest		425	424
Current portion of long-term debt		2,112	1,797
		8,207	7,584
Regulatory Liabilities		529	263
Other Long-Term Liabilities		1,309	1,052
Deferred Income Tax Liabilities		5,561	5,275
Long-Term Debt		25,733	22,960
Junior Subordinated Notes		1,268	1,160
		42,607	38,294
EQUITY			
Common shares, no par value		12,212	12,202
Issued and outstanding:	March 31, 2015 - 709 million shares December 31, 2014 - 709 million shares		
Preferred shares		2,499	2,255
Additional paid-in capital		373	370
Retained earnings		5,497	5,478
Accumulated other comprehensive loss (Note 8)		(1,111)	(1,235)
Controlling Interests		19,470	19,070
Non-controlling interests		1,739	1,583
		21,209	20,653
		63,816	58,947
Contingencies and Guarantees (Note 11)			
Subsequent Event (Note 12)			

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statement of equity

(unaudited - millions of Canadian \$)	three months ended March 31	
	2015	2014
Common Shares		
Balance at beginning of period	12,202	12,149
Shares issued on exercise of stock options	10	12
Balance at end of period	12,212	12,161
Preferred Shares		
Balance at beginning of period	2,255	1,813
Shares issued under public offering, net of issue costs	244	442
Balance at end of period	2,499	2,255
Additional Paid-In Capital		
Balance at beginning of period	370	401
Issuance of stock options, net of exercises	2	1
Dilution impact from TC PipeLines, LP units issued	1	—
Redemption of subsidiary's preferred shares	—	(6)
Balance at end of period	373	396
Retained Earnings		
Balance at beginning of period	5,478	5,096
Net income attributable to controlling interests	410	435
Common share dividends	(369)	(339)
Preferred share dividends	(22)	(25)
Balance at end of period	5,497	5,167
Accumulated Other Comprehensive Loss		
Balance at beginning of period	(1,235)	(934)
Other comprehensive income	124	42
Balance at end of period	(1,111)	(892)
Equity Attributable to Controlling Interests	19,470	19,087
Equity Attributable to Non-Controlling Interests		
Balance at beginning of period	1,583	1,611
Net income attributable to non-controlling interests		
TC PipeLines, LP	50	45
Preferred share dividends of TCPL	—	2
Portland	9	7
Other comprehensive income attributable to non-controlling interests	148	44
Issuance of TC PipeLines, LP units		
Proceeds, net of issue costs	4	—
Decrease in TransCanada's ownership of TC Pipelines, LP	(1)	—
Distributions declared to non-controlling interests	(54)	(51)
Redemption of subsidiary's preferred shares	—	(194)
Foreign exchange and other	—	10
Balance at end of period	1,739	1,474
Total Equity	21,209	20,561

See accompanying notes to the condensed consolidated financial statements.