



**TransCanada**

**DIVIDEND  
REINVESTMENT  
AND  
SHARE  
PURCHASE  
PLAN**

**June 19, 2003**

This Offering Circular is intended for use only in connection with offers and sales of common shares of TransCanada Corporation outside the United States under the Dividend Reinvestment and Share Purchase Plan and is not to be sent or given to any person within the United States.

## **DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN**

### **Features of the Dividend Reinvestment and Share Purchase Plan (the “Plan”) include the following:**

- Common shareholders of TransCanada Corporation (the “Corporation” or “TransCanada”) may elect to reinvest their cash dividends in additional common shares of TransCanada;
- Preferred shareholders of TransCanada Pipelines Limited (“TCPL”) may elect, until such time as their participation is no longer permitted under securities law, to reinvest their cash dividends in common shares of TransCanada;
- Common shares purchased with reinvested cash dividends are acquired at 100% of the weighted average purchase price or, at TransCanada’s option, at 100% of the Average Market Price (see “Price of Additional Common Shares”) or, at TransCanada’s option, and as determined by the Board of Directors, may be subject to a discount of up to 5% of the Average Market Price if issued from the treasury of the Corporation;
- Participants in the Plan may make optional cash payments of up to Cdn. \$10,000 or U.S. \$7,000 per quarter to purchase additional common shares at 100% of the weighted average purchase price or, at TransCanada’s option, at 100% of the Average Market Price;
- Optional cash payments may be made at any time, but only those payments received at least three (3) business days prior to the dividend payment date will be applied to the purchase of additional common shares for such dividend payment date. As neither the Trustee nor the

Corporation pay interest on these funds, participants are advised to post-date their cheque to the next common share dividend payment date;

- Participants are not required to pay brokerage commissions or any other costs associated with the Plan;
- Full investment of all funds is possible since fractional shares are also credited to the participant's account; and
- Statements of Account are mailed to participants each quarter detailing the investments made on their behalf.

## **Purpose**

The Plan allows eligible holders of common shares of the Corporation and holders of preferred shares of TCPL, provided such preferred shareholders are eligible under securities law to participate in the Plan, to purchase additional common shares of the Corporation by reinvesting their cash dividends and/or by making optional cash payments.

## **Participation**

Except as described below, a registered holder of common shares of the Corporation or registered holder of preferred shares of TCPL, provided such preferred shareholders are permitted under securities law to participate in the Plan, is eligible to join the Plan at any time by completing an Authorization Form and sending it to Computershare Trust Company of Canada (the "Trustee"). Beneficial owners of such common and/or preferred shares whose shares are not registered in their own names may, in accordance with the provisions set forth above, participate in the Plan after having their shares transferred into their own names. An owner whose shares are held in a specific segregated registered account, such as a numbered

account with a bank, trust company or broker, may direct that company to enroll such account in the Plan with respect to those shares. Once a shareholder has enrolled in the Plan, participation continues automatically unless terminated in accordance with the terms of the Plan.

Under the terms of the Plan, shareholders may:

- (a) direct the Trustee to reinvest cash dividends on all of their common shares of the Corporation and/or preferred shares of TCPL, provided such preferred shareholders are eligible under securities law to participate in the Plan, registered in a particular name or manner in additional common shares of the Corporation; and/or
- (b) direct the Trustee to invest optional cash payments in additional common shares of the Corporation.

A registered holder shall become a participant in the Plan with regard to the reinvestment of dividends as of the first dividend record date following receipt by the Trustee of a properly completed Authorization Form. If the Trustee receives an Authorization Form after the record date for a particular dividend, that dividend will be paid to the shareholder in the usual manner and participation in the Plan with regard to dividends will commence with the next dividend record date. Dividend record dates for the Corporation's common shares and TCPL's preferred shares are generally the last business day of each of March, June, September and December.

A registered holder shall become a participant in the Plan with regard to optional cash payments as of the first common share dividend payment date following receipt by the Trustee of a payment and a properly completed Authorization Form. Optional cash payments under the Plan are to be made to the Corporation and may not be less

than Cdn. \$50 or U.S. \$35 per remittance and may not exceed an aggregate of Cdn. \$10,000 or U.S. \$7,000 in any quarter.

Future payments may be made by any participant in the Plan by forwarding a cheque, money order, or bank draft to the Trustee, in Canadian or United States dollars, payable to TransCanada Corporation together with an Optional Cash Payment Form. This form is attached to each quarterly Statement of Account. Optional cash payments may be made at any time, but only those payments received at least three (3) business days prior to a common share dividend payment date will be applied to the purchase of additional common shares. Payments received after such date will be held by the Trustee for investment on the next common share dividend payment date.

Because neither the Trustee nor the Corporation pays interest on these funds, participants are advised to provide a cheque post-dated to the next common share dividend payment date. The dividend payment dates are generally the last business day of each of January, April, July and October.

There is no obligation to make an optional cash payment, and the amount (subject to the limits stipulated above) may vary from time to time.

Participants should note that common shares of the Corporation acquired outside of the Plan are not automatically enrolled in the Plan. Participants purchasing additional common shares outside of the Plan are advised to contact the Trustee if these shares are to be enrolled in the Plan.

It has come to the Corporation's attention that certain investment dealers may acquire substantial amounts of the Corporation's common shares prior to the dividend record date solely for the purpose of exploiting the arbitrage opportunities which may result from the operation of the Plan.

The Corporation reserves the right to deny access to the Plan to any such investment dealer or other shareholder.

## **Method of Purchase**

Cash dividends payable on the common and/or preferred shares, which are eligible to be registered in the Plan, less any applicable withholding tax, will be applied automatically on each dividend payment date to the purchase of common shares of the Corporation. Common shares will also be acquired with the cash dividends from common shares accumulated in the participant's account.

Optional cash payments to the Plan will be applied to the purchase of common shares of the Corporation on the common share dividend payment date following receipt of such payment.

A participant's account will be credited with the number of common shares of the Corporation, including fractional shares computed to four decimal places, which is equal to the amounts to be invested for such participant divided by the applicable purchase price.

Full investment of funds under the Plan is possible because fractions of common shares as well as whole common shares are credited to participants' accounts. The rounding of any fractional interest is determined by the Trustee using such methods as it deems appropriate in the circumstances.

Common shares issued pursuant to the Plan will initially be registered in the name of Computershare Trust Company of Canada, as Trustee for the participants, and will be held by the Plan Trustee in an account in the participant's name. If Computershare Trust Company of Canada ceases to act as the Trustee under the Plan, another trustee will be designated by the Corporation.

## **Price of Additional Common Shares**

The price of additional common shares of the Corporation purchased with reinvested dividends will be 100% of the weighted average purchase price on the Toronto Stock Exchange excluding brokerage commissions of all the common shares purchased on behalf of participants on the investment date. At its option, the Corporation may instead issue the additional common shares of the Corporation from treasury at 100% of the Average Market Price or, if determined by the Board of Directors, at a discount of up to 5% of the Average Market Price. If the discount is applicable, TransCanada will announce by way of news release and/or in dividend announcements whether common shares of the Corporation purchased under the Plan will be issued from treasury and the amount of discount percentage applicable.

The price of additional common shares of the Corporation purchased with optional cash payments will be 100% of the weighted average purchase price on the Toronto Stock Exchange excluding brokerage commissions of all the common shares purchased on behalf of participants on the investment date. At its option, the Corporation may instead issue the additional common shares of the Corporation from treasury at 100% of the Average Market Price.

For these purposes, the Average Market Price will be the weighted average price of all common shares of the Corporation traded on the Toronto Stock Exchange on the twenty (20) trading days preceding the applicable dividend payment date.

## **Costs**

There are no brokerage commissions payable for common shares purchased from the Corporation under the Plan. In addition, the Corporation pays all administrative costs of the Plan.

## **Statements of Account**

The Trustee will maintain an account for each participant in the Plan. A Statement of Account will be mailed by the Trustee to each participant approximately three (3) weeks after each quarterly investment. This statement will set out the amount of cash dividends paid on the participant's common shares and if applicable, preferred shares, for the quarter, the total amount of any optional cash payments received from the participant during the quarter, the number of additional common shares purchased through the Plan for the quarter, the date(s) of these purchases, the applicable purchase price(s) per share and the updated total number of common shares being held for the participant in the Plan. These statements are a participant's continuing record of the cost of purchases and should be kept for tax purposes. In addition, each participant will receive the appropriate information annually for reporting dividends for tax purposes.

## **Share Certificates**

Generally, certificates for common shares purchased through the Plan will be held for participants and reported on the quarterly Statement of Account. This service protects against loss, theft or destruction of share certificates. Participants who require a share certificate but who do not wish to terminate participation in the Plan may obtain a certificate for any number of whole common shares held in their account by written request to the Trustee. A certificate will not be issued for a fraction of a share.

Plan accounts are maintained in the names in which certificates were registered with the Corporation at the time the participant enrolled in the Plan. Consequently, certificates for whole common shares withdrawn from the Plan will be registered in exactly the same manner when issued.

Shares being held for a participant in the Plan may not be pledged, sold or otherwise disposed of by a participant. A participant who wishes to pledge, sell or otherwise dispose of such shares must request that a certificate for the required number of shares be issued before such action may be taken. Certificates will generally be issued to participants within three (3) weeks of receipt by the Trustee of a participant's written request. Both the new certificated shares and the shares remaining in a participant's account will continue to receive dividend reinvestment.

## **Termination of Participation**

Participation in the Plan may be terminated by written notice to the Trustee signed by the registered holder or his/her agent. If such notice is not signed by the registered holder, sufficient evidence of another's authority to act on behalf of the registered holder must be supplied. If notice of termination is not received by the Trustee at least three (3) business days before a common share dividend record date, settlement of the participant's account will not commence until after the next investment has been completed.

Generally, a termination will be processed within three (3) weeks of receipt by the Trustee of a written request for termination or within three (3) weeks after a payment date. The Trustee does not sell shares or provide cash for any whole common shares held for participants.

When a participant terminates participation in the Plan or when the Plan is terminated by the Corporation, the participant will receive a certificate for the whole common shares held in the participant's account, a cash payment for any fraction of a common share and the return of any uninvested optional cash payments. The cash payment for any fraction of a common share will be based on the

Average Market Price for the immediately preceding investment date.

Participation in the Plan will be terminated upon receipt by the Trustee of evidence of the death of a participant. In such case, a certificate for the whole common shares in the participant's account will be issued in the name of the deceased participant along with a cash payment for any fraction of a common share in the account and the return of any uninvested optional cash payments. Requests for issuance of a certificate and/or a cash payment for a fractional share in the name of an estate must be accompanied by appropriate documentation.

After termination of participation in the Plan, all cash dividends will be paid to the shareholder in cash.

### **Disposition of Shares Held in Certificate Form**

Shareholders may have shares in the Plan which are held in certificate form (see "Share Certificates"). If a participant sells or transfers any of their shares held in certificate form that are enrolled in the Plan, the Participant's enrollment in the Plan will, solely in respect of any such sold or transferred shares, be terminated effective on the date of sale or transfer. Certificated shares still held by such participant and non certificated shares registered in the Plan will not be affected by any such transfer or sale and will continue to have its dividends reinvested in the Plan.

### **Rights Offerings**

If the Corporation makes available to its registered holders of common shares any rights to subscribe for additional shares or other securities, rights certificates will be forwarded to participants in the Plan in proportion to the number of whole

common shares being held for them. Such rights will not be made available for any fraction of a share held for a participant.

## **Stock Dividends and Stock Splits**

With respect to any common shares held for a participant in the Plan which are not in certificate form, any stock dividends (other than stock dividends paid as a result of participation in a stock dividend plan) and any common shares resulting from a stock split will be credited to the participant's account based upon the number of whole and fractional shares being so held for the participant in the Plan. In connection with common shares held in certificate form by a Plan participant, certificates for common shares resulting from such a stock dividend or stock split on common shares will be mailed directly to the participant in the same manner as to shareholders who are not participating in the Plan.

## **Share Voting**

Whole common shares held for a participant's account under the Plan are voted in the same manner as common shares held in certificate form, either by proxy or by the participant in person. Shares for which instructions are not received will not be voted.

## **Responsibilities of the Corporation and the Trustee**

Neither the Corporation nor the Trustee shall be liable for any act undertaken or omitted in good faith, or have any duties, responsibilities or liabilities except as are expressly set forth in the Plan or are required by law. In particular, the Corporation and the Trustee must comply with all applicable laws now or hereafter in force, which may impose a duty to permit any properly authorized party to

have access to and examine and make copies of any records relating to the Plan.

Participants should recognize that neither the Corporation nor the Trustee can assure a profit or protect against a loss on common shares purchased under the Plan.

## **Amendment, Suspension or Termination of the Plan**

The Corporation reserves the right to amend, suspend or terminate the Plan at any time, but such action shall have no retroactive effect which would prejudice the interests of participants. Participants will be sent written notice of any such amendment, suspension or termination. If the Plan is terminated by the Corporation, participants will receive a certificate for whole common shares being held for them, a cash payment for any fraction of a common share and the return of any uninvested optional cash payments.

## **Notices**

All notices required to be given to a participant in the Plan will be mailed to the participant at the most recent address shown on the records of the Trustee.

All communications to the Trustee and requests for forms or information regarding the Plan should be directed to:

Computershare Trust Company of Canada  
Stock Transfer Services/DRS Department  
100 University Avenue  
9th Floor  
Toronto, Ontario, Canada  
M5J 2Y1

Toll-free: 1-(800)-564-6253

Fax: 1-(888)-453-0330

1-(416)-263-9394

Email: [caregistry@computershare.com](mailto:caregistry@computershare.com)

## **Tax Considerations**

The following is a general description of the Canadian income tax issues affecting participants in the Plan based on the laws and administrative policies in effect on June 17, 2003.

Shareholders should consult tax advisors in their country of residence about the tax consequences which will result from their participation in the Plan.

### **Residents of Canada**

Under the Income Tax Act (Canada) and the Taxation Act (Québec), the cost of the common shares acquired pursuant to this Plan will equal the amount paid namely, 100% of the Average Market Price for common shares purchased.

These Acts also require that the cost of all common shares acquired after 1971 be averaged.

The fact that dividends are reinvested pursuant to the Plan does not affect the tax payable on such dividends by participants. All dividends reinvested by an individual will be included in a participant's income and will be subject to the gross-up and dividend tax credit rules. Private corporations and certain other corporations may be subject to refundable tax on dividends so invested.

A participant will not realize any taxable income when receiving a certificate for whole common shares from the Plan whether upon request for such shares from the participant's account, upon termination of participation by the participant or upon termination of the Plan by the Corporation. However, a participant who holds shares as capital property may realize a capital gain or loss on the sale or exchange of whole common shares acquired through the Plan.

When a participant terminates participation in the Plan or when the Plan is terminated by the Corporation, the participant will receive a cash payment for fractional holdings. A deemed dividend may arise if the cash payment for a fractional share exceeds the paid-up capital in respect of such fraction and a capital gain or capital loss may also be realized in certain circumstances. The deduction of a capital loss is restricted.

The full amount of capital gains and the amount of dividends received (exclusive of the gross-up) are included in taxable income for purposes of calculating the alternative minimum tax.

### **Non-residents of Canada**

Shareholders outside of Canada may participate in the Plan if permitted by law in the jurisdiction where they reside. Dividends designated by a non-resident participant for reinvestment under the Plan will be reduced by the amount of Canadian withholding tax applicable and any other applicable withholding tax as required by law at the time the payment is made.

### **Use of Proceeds**

In the case where additional common shares of the Corporation are issued from treasury, the proceeds received by the Corporation from the issue of these common shares under the Plan will be used for general corporate purposes.





# Dividend Reinvestment and Share Purchase Plan Authorization Form

**TransCanada**

**A. Dividend Reinvestment and Optional Cash Payments**

I wish to participate in the Dividend Reinvestment and Share Purchase Plan of TransCanada Corporation by having the dividends on the shares indicated below reinvested in new common shares and by having the option to make cash payments in accordance with the terms of the Plan.

Common Shares of TransCanada Corporation     Preferred Shares of TransCanada PipeLines Limited, Series \_\_\_\_\_

**B. Optional Cash Payments Only**

I wish to continue to receive dividends on the common shares of TransCanada Corporation and/or the preferred shares of TransCanada PipeLines Limited that I now own and to participate in the Plan by making optional cash payments in accordance with the terms of the Plan. I realize the new common shares purchased with my payments will be held in the Plan and the dividends on these shares will be reinvested.

I wish to receive correspondence in English

Je préfère la correspondance en français

If an optional cash payment is submitted with this Authorization Form please indicate the amount    Cdn\$ \_\_\_\_\_  
US\$ \_\_\_\_\_

Name(s) \_\_\_\_\_  
exactly as share certificates are registered

Signature(s) \_\_\_\_\_

Address \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Mailing Code \_\_\_\_\_

Home (     ) \_\_\_\_\_

Business (     ) \_\_\_\_\_

*Please see over for instructions*

### Authorization Form

1. Indicate your participation in the Plan by checking Option A or B.
2. If Option A is chosen indicate which series of shares you wish enrolled in the Plan.
3. If Option B is chosen please enclose your first optional cash payment with this Authorization Form.
4. Indicate your language preference.
5. This form must be signed by the registered holder(s) exactly as the share certificates are registered.
6. When this form is executed by a person acting in a representative capacity the signature must be accompanied by satisfactory evidence of authority to sign.
7. When this form is completed on behalf of a corporation the signature(s) must be accompanied by a corporate seal or other satisfactory evidence of authority to sign.

### Optional Cash Payments

1. Optional cash payments may be in Canadian funds for not less than \$50, or in U.S. funds for not less than \$35 per remittance and may not exceed an aggregate of \$10,000 Canadian or \$7,000 US in any quarter.
2. Although optional cash payments may be submitted at any time, you should be aware that neither the Trustee nor the Company pays interest on these funds. For this reason, you are advised to make your payment by post-dated cheque payable to TransCanada Corporation and dated the next common share dividend payment date (generally the last business day of January, April, July and October). Payments must be received at the the Trustee's Calgary office no later than three (3) business days prior to the next common share dividend payment date.

### Please mail to:

Computershare Trust Company of Canada  
Stock Transfer Services/DRS Department  
100 University Avenue  
9th Floor  
Toronto, Ontario, Canada  
M5J 2Y1